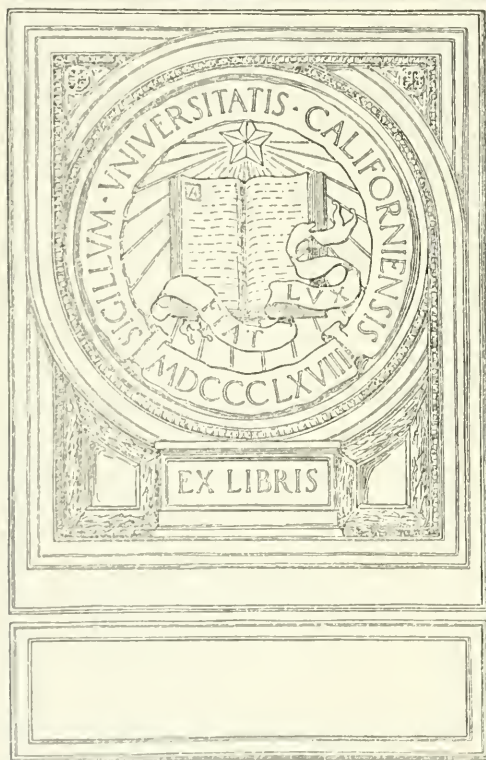
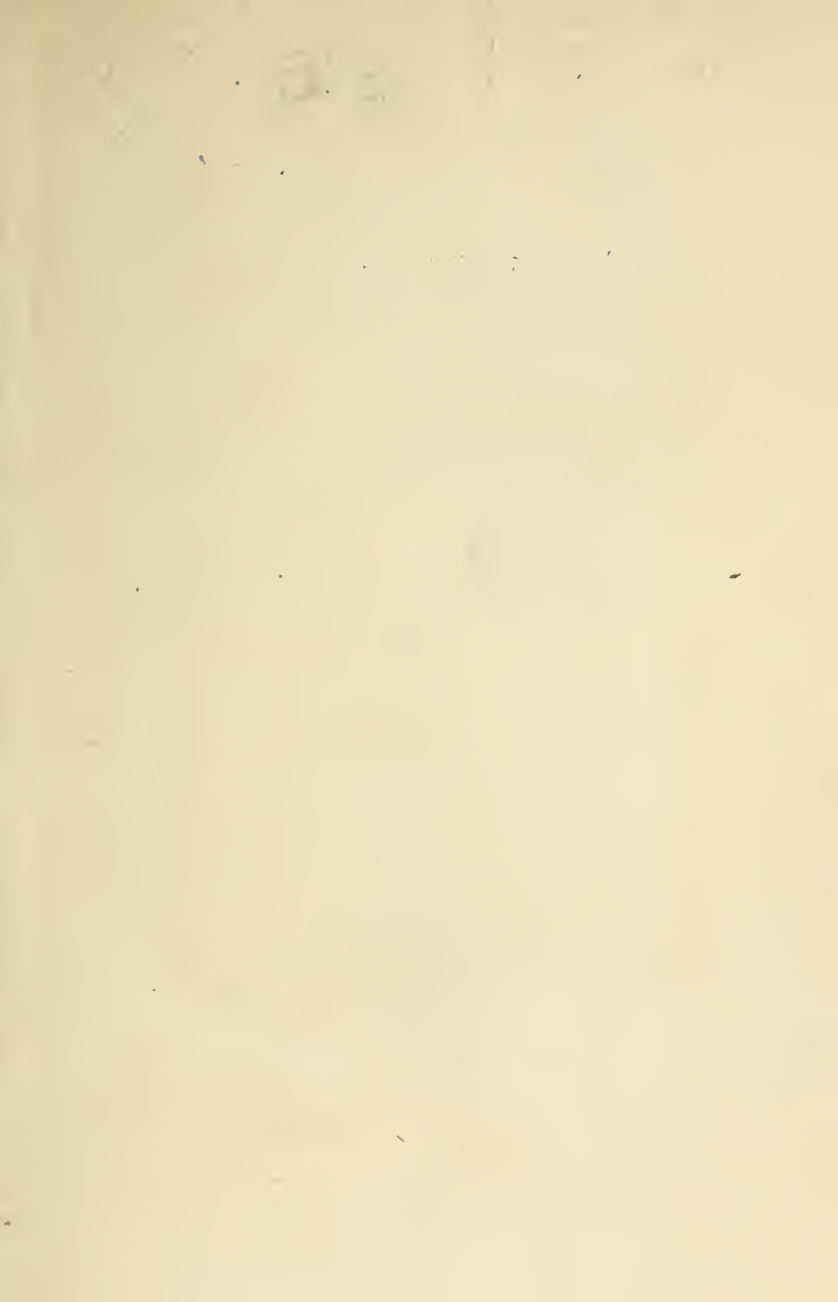




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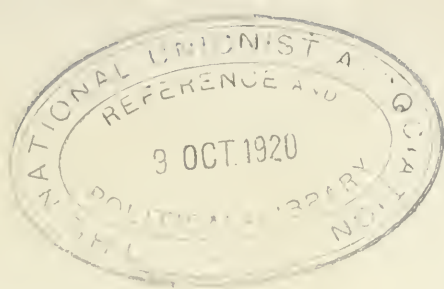




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SIX YEARS OF POLITICS

1910—1916





D. M. MASON.

[*Frontispiece*]

Liberal 1915

SIX YEARS OF POLITICS

1910—1916

CONTAINING

SPEECHES ON FINANCE, FOREIGN AFFAIRS
HOME RULE, AND WOMEN'S SUFFRAGE

BY D. M. MASON

MEMBER OF PARLIAMENT FOR THE CITY OF COVENTRY

WITH A PORTRAIT

LONDON

JOHN MURRAY, ALBEMARLE STREET, W.

1917

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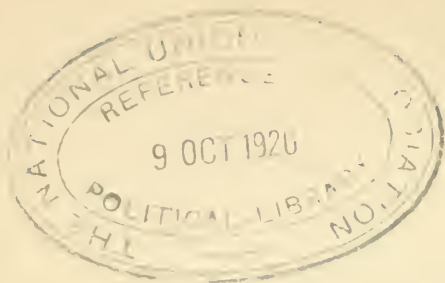
PREFACE

THESE six years have been selected for the narrative of this volume, not because they represent the only political experience of the author, but because they embrace his most active political life, and also because of the hope that, as they refer to actions and events the most important in British history and that of the world, they are the more likely to interest the greatest number of people.

The speeches are principally taken from "*Hansard's*" *Official Report of Parliamentary Debates*, and are therefore a report of the actual words spoken in the House of Commons. The author is conscious of their many shortcomings, but has deemed it better to present the speeches in their original form, rather than to alter and correct them in accordance with the style and literary taste of some of those who may perhaps do him the honour to read them.

D. M. M.

April 1917.



DEDICATED TO

MY WIFE

WHOSE SYMPATHY AND INTEREST HAVE BEEN MOST

HELPFUL IN THIS VENTURE

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SIX YEARS OF POLITICS

CHAPTER I

ELECTION FOR THE CITY OF COVENTRY

ON December 6th, 1910, I was elected Liberal Member of Parliament for the City of Coventry by a majority of 523 over my Unionist opponent, the figures being J. K. Foster, Unionist, 6,828, and D. M. Mason, Liberal, 7,351. Mr. Foster was the former member, so that the election meant the gain of a seat to the Liberal Party. The following is a copy of my Election Address to the Freemen and Electors of the City of Coventry.

GENERAL ELECTION, DECEMBER 1910

To the Freemen and Electors of the City of Coventry

“GENTLEMEN,

“I desire to offer my services as your representative in Parliament. I stand on the principles of Liberalism, which I believe to be the best guarantee for maintaining the greatness and prosperity of the British Empire and the welfare of the British people.

“As you are aware, the present General Election is due to the refusal of the House of Lords to accept the

present Government's Parliament Bill, which proposes to limit the Veto of the existing House of Lords. I need hardly inform you that I am in hearty agreement with the Government on this question.

"I am, and always have been, a staunch supporter of Free Trade. I regard it as the bulwark of our shipping industry and foreign trade, by which we live. A plentiful supply of cheap food and the free interchange of commodities between this country and our colonies and foreign nations are the basis of our prosperity, and will help largely to maintain employment for those engaged in shipbuilding, shipping and allied trades, engineering and the manufacture of all kinds of machinery, cycle and motor manufacturing, and general industry.

"Unemployment, although very much reduced, still prevails in our midst. To reduce it I believe that peace abroad, *economy in administration*, and *wise expenditure* on the part of the Government, coupled with Labour Exchanges, insurance, and a thorough system of land reform, will be most effective.

"Believing as I do in Religious Freedom and a thorough system of national education, I shall cordially support a proper expenditure for this purpose, coupled with popular representation and control when the money required for the purpose is drawn from the people in the shape of rates and taxes.

"I rejoice that the Liberal Government has been successful in establishing Old Age Pensions, and I am glad to see the pauper disqualification is to be removed from the present Act.

"I am in favour of self-government for Ireland, and should like to see the same principle of self-government applied to England, Scotland, and Wales, as well as to Ireland.

"To enable us to protect our rights throughout the

Empire, I should support a *strong Navy* and an efficient Army.

“I should support Poor Law Reform; I should welcome all Elections on one day, and that day a National Holiday; Payment of Members of Parliament; and the granting of the *Suffrage to Women on the same terms as men*.

“Regarding India, I should support the maintenance of the Civil Authority and a wise extension of Local Government throughout our great dependency.

“In Foreign Policy I should loyally support our existing alliances and understandings, although I believe our true policy consists in being friendly with all nations, and being chary about entering into entangling alliances, which may draw us into wars or compel us to take the offensive in quarrels which do not concern us, and over which we have no control.

“In the Near East, I should support a firm policy in carrying out our solemn obligations incurred by Treaty, and otherwise, for the protection of the Christians in Armenia and Macedonia.

“A great opportunity now presents itself for the City of Coventry to recover its former position as a stronghold of progress. Should you do me the honour to place this great trust in my hands, I need hardly state that my best efforts would be at the service of my country, and of this City in particular. But there is a higher and greater issue involved in the present Election. Your vote now is for Freedom and for the right of the people of this country to govern themselves.

“I have the honour to be, Gentlemen,

“Your obedient Servant,

“D. M. MASON.

“COVENTRY,

“November 24th, 1910.”

The votes in Parliament which I have given and the speeches I made during the period I have had the honour to represent the City of Coventry in Parliament will demonstrate whether I have been faithful to the pledges contained in the foregoing address.

In the early years of Mr. Asquith's Ministry I found myself repeatedly voting against the Government on questions of expenditure and Women's Suffrage. These votes were mostly given against what I regarded as provocative and inflated Naval Estimates, my reasons being that while I stood for a strong Navy and an adequate defence, I attributed immense importance to the necessity in time of peace of building up large financial reserves through economy and redemption of debt. I pointed out that the naval expenditure of Germany—to which Power comparisons were frequently, unwisely, and in a provocative manner drawn attention to by members of the Government—amounted to about twenty-odd millions, whereas our expenditure amounted to nearly fifty millions. This margin appeared to me to be adequate. Another feature to which I drew attention was that German naval expenditure was met by loans, whereas British naval expenditure was entirely met out of revenue. The importance of a strong financial reserve being of supreme importance in the event of war has been emphasised by statesmen like Gladstone and Disraeli in past years.

Finally came the Marconi debate, when I deemed it right to vote with the Unionist opposition against the Government. These votes, although in strict accordance with my pledges to the electors of Coventry, displeased the local Liberal Association, and resulted

in a considerable correspondence with that body, which culminated in a decision on their part to withdraw their support. The following speech by the President of the Coventry Liberal Association is, on the whole, a fair and accurate statement of what took place.

ON PARTY LOYALTY

A Speech delivered before the Executive Committee of the Coventry Liberal Association by the President, Mr. C. Vernon Pugh, J.P., January 22nd, 1914

“I need not disguise from the members of the Executive Committee the delicacy and difficulty of the situation with which we have to deal. Neither will I disguise the extremely painful position which has been occupied by myself as President of the Association and the chief channel of communication between the Liberals of Coventry and its member and the Advisory Committee during the last few months. It covers a greater period than a few months, but its acuteness developed very greatly during the last few months, and our position has been extremely painful and extremely difficult. We are very grateful for the sympathy and loyalty which those who appointed us to our position have shown to us during all this time of stress and difficulty. The Advisory Committee, as you will all probably recollect, was appointed on the suggestion of Mr. Bettmann, our present Mayor, to be a body always available to counsel and advise the President when in doubt and difficulty, and I may say I have found the existence of the Advisory Committee a very useful help in time of trouble. The Advisory Committee, I think I ought to state, consists of Mr. Wormell, the Treasurer of the Association, Mr.

J. Grant, Chairman of the Finance Committee, Mr. Dodd, and Mr. Bettmann, but Mr. Bettmann has not acted on the Advisory Committee or in any other political capacity since he became Mayor of the City. Our procedure to-night will consist, first, of a statement by myself on my own behalf as President and on behalf of my Advisory Committee. Then certain resolutions will be read to the meeting which are recommendations of the Advisory Committee on the situation as it exists. These resolutions will be proposed by Mr. Wormell, seconded by Mr. Dodd, and supported by Mr. J. Grant, the remaining member of the Advisory Committee. They will be in the form of recommending certain resolutions to a general meeting of the Coventry Liberal Association to be called hereafter. So far as my statement is concerned, I am going to make it as brief as possible. I shall limit it to a recital of facts, and from it I shall exclude all but the most necessary criticisms and comments. —

THIRTY VOTES AGAINST THE GOVERNMENT

“ Mr. Mason was, you will remember, elected by the votes of Coventry Liberals in December 1910, and it was not very long after Parliament had assembled when he entered upon a series of criticisms of Ministers and ministerial policy in which he has ever since industriously persisted. I have taken out from the official records the number of votes that Mr. Mason has registered against his party, against the Government. It has surprised me, and no doubt it will surprise most of us present and the Liberals of Coventry to find that on no less than thirty occasions during the three years of his membership has he voted against the Government. His public attacks on Ministers have been directed against Sir Edward Grey, the

Foreign Secretary, Mr. Lloyd George, the Chancellor of the Exchequer, Mr. McKenna when he was at the Admiralty, Mr. Churchill since he has been at the Admiralty, and, above all, and most distressing to his supporters in Coventry, against our great Prime Minister, Mr. Asquith. (Hear, hear.) Two of the most hurtful and painful votes he has recorded to my mind—and I think I speak for the great majority of Liberals in Coventry—are those, when alone among Liberals, he not only voted for, but actually moved a resolution refusing leave to introduce the Franchise Bill. An act more disloyal to one's party I cannot possibly conceive. (Hear, hear.) Happily he was the sole Liberal member who was concerned in this matter. The other vote which I think hurt us extremely, and pained us, was the vote, with one other Liberal, Mr. Munro-Ferguson, a Scottish member, when he deserted the Government in time of very great stress and trial in the division on the Marconi debate. (Hear, hear.) At that time Mr. Mason and Mr. Munro-Ferguson were the only two Liberals who were not able to stand by their party in a time of great crisis and distress. From the time these attacks began to the present time my personal position as President of the Coventry Liberal Association has been exceedingly difficult, but I have felt it my duty, and as far as in me lay I have acted up to my sense of duty, to smooth, on all occasions and by every possible means, friction between Mr. Mason and many of his constituents. I have had many interviews with him personally, and it will be quite impossible for me to state how many interviews I have had with angry constituents whom I have conceived it to be my duty and my loyalty to Mr. Mason, as member for the City, and in the party's interests, to endeavour to pacify. (Hear, hear.) Everything I could do I have done in that direction.

THE GARDEN PARTY REPROOF

“In spite of all our efforts, the chances of our holding the seat for Mr. Mason at the next election, in my judgment, and in the judgment of my Advisory Committee appointed for the purpose of counselling and advising me, have become more and more remote as time has gone on. I will remind the members of the Executive Committee that at a meeting that took place in July 1912, at a garden party at my house, when Mr. Mason delivered a long speech, consisting to a very large extent of an attempt to justify his Parliamentary action, after he had finished, I, speaking from the same platform, in his presence, from the chair, used these words :

“‘I do not believe that Mr. Mason has fully appreciated the mission for which Coventry sent him to Parliament. I consider that the main object of that mission, apart from details, is to give loyal and unswerving support to the Government policy as laid down by Mr. Asquith and our leaders. I hope that before grave decisions have to be taken it may be possible for us to say that Mr. Mason is acting in accordance with the mission we have entrusted to him.’

Those who were present will remember that this statement was received with marked enthusiasm by a very large audience of Liberals who had gathered together—(hear, hear)—and it was not dissented from by Mr. Mason at that time nor since, and we all hoped that after consideration he would be able to act upon the statement. Unhappily, time proved that such hope was to be frustrated, and events showed that Mr. Mason was determined to maintain the same attitude of hostility to ministers.

THE LAST CONFERENCE WITH THE COMMITTEE

“The Advisory Committee, with myself, have had long formal conferences with Mr. Mason on a number of occasions, the last being his visit here in the first week of December 1913. At that conference we went over the usual ground of Mr. Mason’s criticisms of ministers of late, particularly in regard to the forthcoming estimates and his general attitude towards ministers. The position was very fairly and fully stated to Mr. Mason, and very fully discussed from every point of view. We made it quite clear to Mr. Mason that in our judgment the seat had already been seriously endangered, and that it would be certainly lost if Mr. Mason felt compelled to continue his Parliamentary action unchecked, with the result that, after a very full discussion, we understood him to say that he did not think there would be any further occasion for him to attack ministers, and that, with the exception of attending a meeting on the question of armaments, to which he was already pledged, he was not likely to be identified with anything that would have the appearance of hostility to the Government. As a result of this, I felt myself justified in once more taking the chair for him at his meeting in the Baths Assembly Hall on December 8th, and also justified in expressing from the chair my hope that Coventry Liberals would be able to renew their confidence in Mr. Mason on many future occasions. I might add to that, that Mr. Mason and his wife were guests at my house during their visit to Coventry for nearly a week, and I gathered most certainly—as far as my mental capacity for grasping an impression enabled me—from my intercourse with him, that it was his intention to make a serious endeavour to regain the confidence of the party locally.

THE LETTER TO THE "DAILY NEWS AND LEADER"

"In these circumstances which I have described—I hope that without any bias I have tried to confine myself to statement of fact without prejudice or unfair comment—you will understand, probably you all felt it, what a tremendous shock was caused to myself and my Advisory Committee, and, I think, to the majority of Liberals in Coventry who saw it, by Mr. Mason's extraordinary letter to the *Daily News and Leader* of December 26th, less than three weeks after we had felt ourselves so reassured by him in Coventry. You will remember that letter was addressed to the *Daily News and Leader*, dated December 23rd, and published on December 26th. The remarkable passages in it were, first, the reference to his attendance as a member of the deputation that was received by the Prime Minister. The one I refer to was this :

" 'As one of those who attended the deputation and heard Mr. Asquith's request to treat what transpired as confidential, I am, of course, precluded from stating what the reply was. I believe I am justified, however, in asserting that by many of us it was regarded as unsatisfactory.'

Later on in the letter he asks :

" 'Will history repeat itself, and will it end in a defeat and reconstruction of the present Government in the House of Commons ? There are many indications that this is not only possible but probable. I may be told that this is impossible, until Home Rule for Ireland, Welsh Disestablishment, and the abolition of plural voting have been secured.'

Later on he says :

“ ‘ Let us assume that the Government meet with defeat either on this issue or on some other issue in the coming session of Parliament. What then ? I assume Mr. Asquith would resign. Mr. Bonar Law might be sent for by the King. He probably would advise a dissolution of Parliament. The King might agree to that or send for Mr. Asquith again, who might reconstruct his Government and endeavour to carry on till 1915.’ ”

“ It struck me and my Advisory Committee, and I think it struck the great majority of Liberals, that a man who could write such a letter, which, reading between the lines, displays acquiescence in, if not a desire for the defeat of the Government, cannot be relied upon as a loyal supporter of the Government in time of crisis. (Hear, hear.) ”

—AND AFTER

“ Directly the holidays were over I wrote to him that I considered the situation provoked by this letter to be extremely grave, and that I was calling a meeting of the Advisory Committee together without delay to consider it. The Advisory Committee met on January 6th. We gave long and very careful and deliberate consideration to the matter, and we came to the unanimous conclusion that it would be impossible, with Mr. Mason as candidate, to retain the seat for the Liberal Party at the next election, and that it was our duty to report accordingly to our Executive. We also decided that, in fairness to Mr. Mason, I should forward this decision to him, and consult him as to how he would wish it to be announced. I wrote requesting Mr. Mason to give me an appointment. That interview took place in

London on the 13th inst., and, having informed him of the purpose of the interview and of the decision of the Committee, he very fully and frankly, and I would like to add with the greatest civility and politeness, discussed the whole situation with me, fully admitting the gravity and danger of the position. The method of publication was discussed, namely, whether he would prefer to state that owing to differences with the local party he would not be able to offer himself again as their candidate, or, on the other hand, whether he would prefer that the announcement should come from the local party. After very full consideration, at an interview which lasted the best part of two hours, he came to the conclusion that he would prefer the statement of the decision of the Advisory Committee to be made public by it at the earliest possible moment, lest gossip and surmise should put garbled versions into circulation. After the interview, I returned to Coventry, having wired for the Advisory Committee to meet that evening. I conveyed this wish to the Advisory Committee, and it was decided to fall in with this view. Consequently, on the 14th inst., the briefest and barest possible statement was conveyed to the Press, and was published that evening in Coventry.

MR. MASON AND THE ASSOCIATION

“Until this present moment no other information of any kind whatever has been issued by the Advisory Committee. I should also like to say that all reports as to approaching any other possible candidate are entirely without foundation. The Advisory Committee have, of course, no power whatever in the matter. It is for the Association to consider the question of candidature, and no person has been approached by the Advisory Committee with regard to a possible

future candidature. No letters of any kind have passed between Mr. Mason and myself or the Advisory Committee, in spite of statements in the Birmingham Press, but, on the 18th inst., the Secretary of the Association received a letter from Mr. Mason terminating his connection with and his subscription to the Association.

NO "LIBERAL MAGNATES"

"This brings the history of these very unhappy and distressing events down to the present moment. It only remains for me to refer to two highly improper statements that have appeared in the Press in connection with this matter. The first was made by the *Daily News and Leader* on the 15th inst., in which, in its leading article, the suggestion was made that our position had been prompted by Liberal magnates in the armament industry in Coventry. (Laughter.) Such a suggestion could only have been made in complete ignorance of local conditions. We have no Liberal magnates in Coventry. (More laughter.) Certainly no one connected with armament interests, and it is painful and surprising that so good a Liberal journal as the *Daily News and Leader* should have stooped to circulate so contemptible a suggestion. (Hear, hear.) The other point to which I take strong exception is the statement in several papers—and I have heard it also in conversation—the suggestion that our action has been taken at the dictation of the Central Liberal Office—the Whip's Office. It is utterly untrue. On two occasions only during Mr. Mason's membership has the Whip responsible for the Midland area mentioned to me Mr. Mason's attacks on Ministers or votes in the House, and on those two occasions merely to suggest an endeavour to impress on Mr. Mason the importance

of loyal support of our trusted leaders. (Hear, hear.) The decision has been taken without consulting the Liberal Whips in any way, at any stage. (Hear, hear.) As a matter of course, I have informed the Chief Whip myself, personally, of the decision, but he has had no observations to make upon it. We have been absolutely and entirely free from any interference or dictation from Liberal headquarters.

RELATIONS WITH THE MEMBER

“We wish it to be very clearly understood that neither the Advisory Committee, nor the official Liberal Party in Coventry, have the faintest desire to dictate unduly to its member how he shall govern his actions or his votes in Parliament. (Hear, hear.) We do not object, and never have objected, to his taking an independent view, even if taking it should involve criticisms of the actions and policy of Ministers; but we have felt convinced, however, that Mr. Mason is not to be relied upon to support the Government in a crisis, and this feeling has become, in our minds, a certainty since the publication of the letter in the *Daily News and Leader* on December 26th, in which he clearly foreshadowed casting his vote against the Government in a division which he also foreshadowed might overthrow the Liberal Government, and lose the advantages of the Parliament Act, Home Rule, Welsh Disestablishment, and the abolition of plural voting.

“I am afraid I have trespassed longer than I ought to have done on your time, but I have felt it necessary to state fully and frankly the facts, and why the Advisory Committee came to this Executive with the recommendation which will shortly be put before you. The position may be summed very briefly in this way: Mr. Mason has put us in the dilemma of having to decide

whether, by supporting him, we will say we accept his individual judgment on matters of high policy as having greater weight with us than the united judgment of the Prime Minister and his Cabinet—I say that to ask us to do that is to put a strain upon our confidence, which we cannot possibly put upon it. (Hear, hear.) With great reluctance and with much pain, but with the sure sense that we are taking the right and only course in the interest of the Party in Coventry, we consider it our inevitable duty to recommend to you the course embodied in the following resolutions, which, after they have been read to you, will be proposed by Mr. Wormell, seconded by Mr. Dodd, and supported by Mr. J. Grant :

“ ‘ Resolved that, having heard the President’s statement on the negotiations between Mr. Mason and the Advisory Committee, the following resolutions be recommended for adoption at a general meeting of the Association :

“ ‘ (1) That the sincere thanks of the Association be and are hereby tendered to Mr. Mason for his services during his candidature and membership.

“ ‘ (2) That the Association hereby records its appreciation of Mr. Mason’s diligent and conscientious discharge of his duties at Westminster, but expresses, with profound regret, its conviction that the unfortunate differences which have arisen render another successful candidature by Mr. Mason impossible.

“ ‘ (3) That the usual steps be taken forthwith to endeavour to secure a prospective Liberal candidate in readiness for the election.’ ”

[The recommendations were carried unanimously.]

As a result of all these conversations, and inquiries as to what I intended to do, I decided to announce that,

God willing, I would stand as an Independent candidate for the City of Coventry at the next election. Feeling ran very high in the division for some time, and a constituent was so moved by the prevailing atmosphere that he endeavoured to describe the situation in some rather amusing verses !

THE MEMBER FOR COVENTRY

It was only last December,
As most of you remember,
That Pugh for D. M. Mason took the chair,
And referred to him with pleasure,
Which was almost without measure,
You remember—most of you, no doubt, were there !

He told us—don't you know ?—
That that night, three years ago,
Mr. David Marshall Mason had been sent,
By a large majoritee
Of the votes of you and me,
To represent the town in Parliament.

And he then went on to say,
In a very pleasing way,
How he hoped that David many times might be
In the happy future years—
(There were loud, terrific cheers)—
Returned again as Coventry's M.P.

But before a month had passed
All of us were quite aghast
To read our evening paper and to find
That a feud had broken out—
No one quite knows what about—
But it seems the Liberal "Boss" had changed his mind !

The Advisory Committee
Of the Liberals in the City
Had resolved to turn our David into Jonah,
And to cast him overboard,
Like that prophet so untoward,
To be swallowed by the special fish called "Bonar."

At first there was a row,
And a very great "pow-wow"!
For Mason had his pals as well as Pugh;
But Vernon had his way,
And Mason—"lack-a-day!"—
Found support from very, very, very few.

Now, when Mason had been thrown
From the place that seemed his own,
He read Milton's poem "Paradise Regained,"
And he said, "I'm blowed if I
Won't have another shy
To retain the seat to which I have attained."

Then, like a "canny Scot,"
Who commit himself will not,
"Bang went saxpence" on a message to the Press,
That, "God willing," next Election
He would combat Pugh's selection
And land the local Liberals in a mess.

Pugh returned the Scotsman's blow
With a vengeance—don't you know?—
Seven speeches and a letter volleyed forth;
Till the public 'gan to smile,
At his venom pugherile,
And laid "evens" on the Champion from the North.

We shall have to "wait and see"
What the issue's going to be;
And we shan't have very long to wait, I guess!
"Solvitur ambulando,"
Asquith says—he ought to know!
But the Local Liberal Party's in a mess!

From time immemorial the question of the relations which should subsist between a Member of Parliament and his constituents has provided food for discussion. There is the classical and never-to-be forgotten case of Burke and his constituents at Bristol.

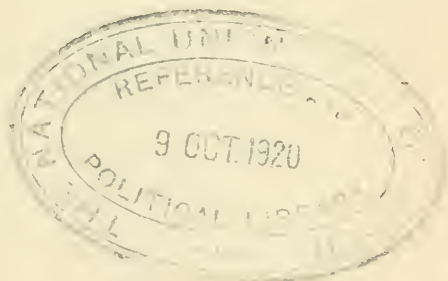
“Do you think, gentlemen,” he said on one occasion, “that every public act in the six years since I stood in this place before you—that all the arduous things which have been done in this eventful period, which has crowded into a few years’ space the revolutions of an age, can be opened to you on their fair grounds in half an hour’s conversation ?

“But,” he continued, “it is no reason, because there is a bad mode of inquiry, that there should be no examination at all. Most certainly it is our duty to examine ! it is our interest too ! But it must be with discretion ! with an attention to all the circumstances and to all the motives ! like sound judges, and not like cavilling pettifoggers and quibbling pleaders prying into flaws and hunting for exceptions. Look, gentlemen, to the *whole tenor* of your member’s conduct. Try whether his ambition or his avarice has just led him out of the straight line of duty ; or whether that grand foe of the offices of active life, that master-vice in men of business, a degenerate and inglorious sloth has made him flag and languish in his course ? This is the object of our inquiry. If our member’s conduct can bear this touch, mark it for sterling. He may have fallen into errors ! he must have faults ! but our error is greater, and our fault is radically ruinous to ourselves, if we do not bear, if we do not even applaud the whole compound and mixed mass of such a character. Not to act thus is folly ! I had almost said it is impiety. He censures God who quarrels with the imperfections of man.”

These are fine words and cannot be improved upon to define and describe the situation and responsibilities of a constituency and its representative.

In another passage he says: "If we do not permit our members to act upon a *very* enlarged view of things, we shall at length infallibly degrade our national representation into a confused and scuffling bustle of local agency."

This is the heart of the whole matter. The fact is that a constituency chooses a member of Parliament as a man chooses a wife, for better or for worse. There is this difference, however, that if it is dissatisfied, it has an opportunity at certain intervals to alter its decision.



CHAPTER II

THE MASSACRE IN THE OASIS OF TRIPOLI

THE Turko-Italian War, which resulted from an unprovoked attack of Italy upon Tripoli, evoked an outburst of indignation from the friends of freedom and foes of aggression in this country. Meetings were held and several attempts were made, but without success, to draw attention to the matter by debate in the House of Commons. The only method left open to members, and it was fully taken advantage of, was by question and answer and by speaking on the adjournment motion to endeavour to elicit information from the Prime Minister and Secretary of State for Foreign Affairs.

I called a number of meetings of members of the House of Commons in Westminster Hall, open to the Press and attended by members of all parties in the House. They were addressed by members like Lord Ronaldshay, Sir Mark Sykes, the late Mr. Sylvester Horne, Mr. Amery, Mr. MacCallum Scott, and the late Mr. Keir Hardie, who denounced the Government for not allowing a free expression of opinion to take place in the House of Commons. As a result of these meetings, I was informed that a better state of affairs had been brought about in Tripoli, resulting in the saving of many human lives.

There were a number of meetings held both in

London and in the country at which I attended and spoke, protesting against the action of Italy and calling upon the Government to move in the matter. I remember one meeting at the Memorial Hall, arranged by the late Mr. W. T. Stead. There were a number of Italians present, and the proceedings might be described as lively. When I rose to speak, these Italians, evidently devout Roman Catholics, became very excited and kept continually crossing themselves as a protection from the evil or danger due to my presence. On another occasion at Cardiff a meeting was to be held, and owing to the number of Italians in the town riot and disorder were expected to take place. When I arrived in Cardiff, I found an invitation to dine with the Mayor awaiting me. This worthy gentleman had been requested to cancel the meeting, and was in great distress as to what course he ought to pursue. After a pleasant dinner, however, he thought he would allow the meeting to take place, and it turned out to be a most successful one.

Deputations were arranged to wait upon the Prime Minister, and as a result of all this pressure a debate was finally arranged in the House of Commons, when Sir Edward Grey moved the following motion—"That the foreign policy of His Majesty's Government be now considered."

Sir Edward Grey's statement was almost entirely confined to the Morocco question, and was intended to show that we were bound to support France apparently because we were committed to France. It was evidently part of the same policy, in view of a possible great European war, to do nothing or say anything to embarrass Italy in her action in Tripoli with a view to detaching Italy from her alliance with Germany. Not a word was said by the Secretary of State on the Turko-Italian War.

One of the most disgraceful events connected with the war was the massacre which took place in the oasis of Tripoli, and the following speech refers to that transaction and to the Moroccan question, which I believe to have been one of the contributing causes of the war now raging in Europe. This speech was delivered in the House of Commons on November 27, 1911.

I rise with a great sense of responsibility to move the Resolution standing in my name. [Mr. David Mason, —Tripoli (Seizure by Italy),—“That this House protests against the unwarrantable seizure of Tripoli by Italy and desires to express its horror and detestation at the recent massacre of Arabs by Italians in the oasis of Tripoli, and the House further urges His Majesty’s Government, in accordance with The Hague Convention, to which both Powers were consenting parties, to protest against this outrage on humanity.” I do this quite conscious of the responsibility which I incur, and I should like to say to the House that I do not wish in any way——

MR. SPEAKER: The hon. Gentleman did not tell me that he intended to move his Amendment. I understood from the hon. Gentleman that he did not propose to move his Amendment. I would not have called upon the hon. Member if I had understood that he was going to do so.

MR. MASON: When did you understand that?

MR. SPEAKER: The last conversation I had with the hon. Member.

MR. MASON: I am bound to say to you and to the House that I never stated I would not move the Amendment.

MR. SPEAKER: I said I understood from the hon. Member that he would not move. I would not have called upon him if he had told me that he intended to move.

MR. MASON: I distinctly stated at the beginning—
[AN HON. MEMBER: "Speak without moving."]—I believe I have a perfect right to move the Amendment. I believe I am perfectly in order. If the House wishes to resume the general discussion it can do so after the Amendment has been disposed of. I am perfectly within my rights, and I do submit that the House, which is the greatest deliberative Assembly in the world, should have the option of supporting the Amendment or rejecting it. I do not wish to interfere with the opinions of hon. Members who may wish to discuss other subjects. An expression of opinion by this House with regard to this Amendment will carry great weight, and will be very much appreciated in Italy and throughout Europe. [Interruption.] I do hope the House will accord me the courtesy of a hearing. I will be as brief as possible. I do not think I have interrupted any Member. [HON. MEMBERS "Say what you have to say." "Make your speech."] I hope hon. Members opposite will show towards me that fair, sportsmanlike attitude which I have always shown to them. [HON. MEMBERS: "Address the Chair."] If I move this Amendment——

MR. SPEAKER: I think that the hon. Member really ought to remember the conversation which I had with him. I pointed out to him that it was very undesirable that he should move his Amendment, because it prevented a discussion upon other foreign

topics which many hon. Members would wish to continue. I pointed out to him that it would be open to him to make any speech which he desired to make, and I impressed upon him as strongly as I could that he should not move his Amendment. I understood that he adopted my view, and with that in view I called upon the hon. Member. I hope that he will not move the Amendment of which he has given notice, which is not down as an Amendment to this Motion, but stands lower down in respect of some other Motion. If the hon. Member would be content to make his speech I am sure the House would listen to him.

MR. MASON : May I ask if I may move this Amendment at the end of the discussion ?

MR. SPEAKER : The hon. Member has the right to speak only once.

MR. MASON : I am very anxious to get a protest even from a limited number if I cannot get it from the whole House, because of the immense value which the opinion of this Assembly would have with regard to the Turko-Italian War, and if he can show me how I can get a vote from this House I should be glad, because of the immense value which I attach to it.

MR. DILLON : Is it not a fact, if this Amendment is moved, the House will be unable to continue the original discussion, and cannot get back to it without the Closure ? If an Amendment of this character is moved, the Chair may not see its way to give the Closure, and the entire Debate will be destroyed. Cannot the hon. Member make his speech on the

particular point in which he is interested, and thereby follow the example of every other Member? We all have Motions on the Paper, and abstained from moving them for the convenience of the Debate.

MR. D. MASON: I must say this is a great disappointment to me, but, of course, I will be very glad to fall in with this view. I do not propose now to confine myself to the Turko-Italian war, as I understand I am at liberty to touch on the whole foreign policy of His Majesty's Government. I will before I come to that question, which seems to me the question of the hour, refer to the Moroccan negotiations. I do not propose to address myself to the right hon. Gentleman the Secretary for Foreign Affairs. The question before us is the foreign policy of His Majesty's Government, and we must consider that, not as one affecting the Foreign Secretary or his conduct of the Foreign Office, but as one affecting the whole Government. Every Member of the Government is responsible more or less for the foreign policy, and will receive any benefit that may come from its success, if there is any success, and he is also bound to share in the disadvantage of any failure. We suffer in this House very often from questions being referred to a particular Department instead of being taken as the policy of the Government as a whole. We have to consider every Member of the Cabinet as responsible for this policy. If he does not agree he ought to sever his connection with the Government, and if he remains a Member of the Government that means to all intents and purposes that he supports the policy of the Government as a whole. I had on a previous occasion

an opportunity of addressing some questions to the Government with regard to the negotiations in Morocco, and the answers which were received were equivalent to saying—and some hon. Members who have already spoken have referred to the fact—that the matter was much too grave for question and answer; and we were, so to speak, prevented from offering any suggestion as to a solution of the Moroccan difficulty.

There were certain articles in the Algeciras Treaty which would have enabled a solution of the difficulty to be arrived at. Articles 8 and 9 provided machinery for the solution of any difficulties which might arise. I agree that the German Government acted in a provocative manner in sending a gunboat to Agadir, because they themselves did not take advantage of these articles, which provided that any complaints to be made could be made to the diplomatic body at Tangiers. As Germany did not take that action, we might have shown them we knew better by making this complaint also to the diplomatic body. Had we done so, it would have come before all the representatives of the Powers. There was machinery provided in that Act for the settlement of any questions that might arise, and the long-drawn negotiations of the last three months might have been prevented had that machinery been used. Instead of that we had this long recital from the Foreign Secretary of the conversations we have had during that period, of the alarms and scares among the markets of the world, the disturbance of trade and commerce, and the depreciation of securities, all arising from this fatuous blundering policy of present-day diplomacy.

Although we rejoice that things have somehow blundered through and that we are about to get a solution, I do not think we have any great reason to be proud of our methods and the way in which that solution has been arrived at.

I pass from that to the question of the Turko-Italian war. I think we are all agreed that the action of Italy is regarded throughout the whole United Kingdom as most unwarrantable and aggressive. In the Treaty of Paris there is full provision for maintaining the integrity of the Ottoman Empire, and when that aggressive act took place, I do submit that for the British Government to have immediately issued a proclamation of neutrality and even to drag in the King's name was quite unnecessary. We surely had a right as a great Power to express our views as to the wanton and aggressive action of the Italians. We had Treaty rights, and we had the right as a great Power to protest against that action. Reference has been made by the hon. Member who has just sat down to the outrages in Tripoli, and he said there had been a certain amount of treachery. I am informed that treachery existed to a very limited extent, and that it was in part due to the absolute carelessness of the Italians themselves. There was no systematic taking of surrenders, and there was no system in any shape or form, as far as one can gather, of dealing with the Arabs and making them friendly disposed. Therefore, the accusation of treachery may be dismissed as really amounting to very little indeed. What were the facts on the other side? Hon. Members doubtless are well aware of

what took place in the oasis. Every one admits the truth of the statements of brave correspondents of great journals. [AN HON. MEMBER: "No."] The hon. Member says "No." He will have an opportunity later on of giving evidence to the contrary. As far as we go, the evidence I think is most conclusive. I have searched in every possible quarter before rising in this House to make these assertions. I have done everything possible to make myself acquainted with the truth of this matter. I have endeavoured to elicit the truth from His Majesty's Ministers. Questions have been put in the House from this side as well as the other side, and our difficulty has been to get reliable information from His Majesty's Ministers. That is the disappointment we have experienced. I will now read several extracts from the letters of Mr. McCullagh, war correspondent of *The Westminster Gazette* and *The New York World*, with reference to the occurrences in Tripoli:

"I shall now give some more details of the cold-blooded murders committed by Italian soldiers during the last few days.

"Mahomet Masuri, returning from market with some money, searched by the soldiers, robbed, shot. An old marabout (holy man), who sat on the ground begging for alms, was shot dead. The villagers set the dead man on a donkey and led him round about the oasis to show the people how the foreigners treat their saints.

"Ali Frefer, a butcher of Sania, a hamlet in the oasis, was killing a sheep, when some Italian soldiers arrived upon the scene, took his axe from him, and killed him with it.

“ ‘ In Tripoli a blind beggar was killed by soldiers. At Sakh Dehuma, in the oasis, a woman was lamenting over her dead husband, who had been shot, when some Italian soldiers approached and shot her also.

“ ‘ On Wednesday, October 25th, at 4 p.m., a twelve-year-old boy was drinking from the well in Vierte Hané Shaiia Kubia, when a soldier shot him dead.

“ ‘ At Bendair two women coming through the oasis seated on camels were both shot. At the same place a soldier endeavoured to pull the veil off a woman's face. On the woman resisting the soldier shot her.

“ ‘ A friend of mine had an old Arab servant for twenty-eight years a cripple. The soldiers shot him.’

“ Hundreds of similar instances could be given. Almost every correspondent, almost every foreign resident, has his own list of horrors. Every Consul has sent official reports on the subject to his Government.”

I hope my hon. Friend will observe those acts, and surely I have no doubt they will be conclusive evidence to him, as blind beggars and cripples could not be accused of treachery. Mr. McCullagh states, and this is important :

“ Every Consul has sent official reports on the subject to his Government.”

Hon. Members opposite, as well as hon. Members on this side, have from time to time endeavoured to elicit from the Foreign Secretary what official information he could give us. It was a perfectly reasonable request. Many hon. Members are unwilling, as I was unwilling, to believe that such horrors could be committed. I have a great regard and love for

Italy. I visited Italy like many hon. Members, and I was horror-stricken to think that European troops of a country so cultivated and possessing such a noble history, should have been guilty of such outrages as those to which I have alluded, but we were unable to obtain any information from the Foreign Secretary with regard to the Consul's evidence. He refused to communicate it to us, and as it did not refer to British subjects he did not consider it his duty to make known his knowledge to the House. I have yet to learn that humanity is limited only to British subjects. To the honour of hon. Gentlemen opposite and the party which they adorn, when the massacres were taking place in Bulgaria, Mr. Disraeli had the courage, when an emissary was sent out to give official information with regard to those atrocities, when Mr. Gladstone was speaking throughout the country, Mr. Disraeli had the courage to make known that official information to the world, although it meant the destruction of his Government. I say that undoubtedly it does pay a tribute to the straightforwardness of hon. Gentlemen opposite and the party to which they belong, that, although it meant the destruction of their party and of their leader, yet they had the courage when they knew the facts, to make them known and let mankind judge as to what was right. I say, as a Liberal, I hang my head in shame that the Foreign Secretary and the right hon. and hon. Gentlemen who adorn the Front Bench, and who pose as Liberals throughout the country, should, as it were, try to deceive this House and try to suppress information, and I say that reflects

the greatest discredit and the greatest dishonour upon the name of Liberal. In confirmation of that statement, because that war correspondent's remarks and statements might be called in question, I believe there is ample evidence both of Italian journalists and German journalists.

MAJOR ARCHER-SHEE: It has been denied by the Italian Government.

MR. D. MASON: The only denial I have seen from them is that furnished by the Premier of the Italian Government. In that very denial to which the hon. Gentleman refers were the words that those found with arms in their hands were shot. So that, according to the denial itself, there was a refusal of the rights of war to these combatants and non-combatants. I return to the corroboration of the evidence by a German journalist, Herr von Gottberg, the representative of the *Lokalanzeiger*, who wrote:

"In this particular case a young woman, holding her child by one hand and a water-pitcher in the other, appeared in a perfectly peaceful street. The soldiers aimed three shots at her, and she fell dead. Together with the same witnesses, Herr von Gottberg saw a girl of seventeen or eighteen being dragged naked through the sand by jeering soldiers. The girl was ill, suffering from swollen feet. When she threw herself down in despair, the soldiers seized her feet and dragged her on. The girl was finally thrown on the sand, twenty paces from an Italian field hospital. There she lay, crying for water. Herr von Gottberg called the attention of Italian military surgeons, who stood at the hospital laughing at the girl's tortures. They told him to mind his business. Late at night

when the correspondents returned they found the girl in the same place, and with her two old women who had been similarly treated. Next morning all were dead."

I submit that this should really appeal to us. I do not for a moment suggest that in British history there are not some things of which we are not altogether proud. But we of the present generation are responsible only for the acts we commit and the protests we make. If the Government are able to prove that these things are not true why do they not get up and do so? For the simple reason that they cannot. Would we not all rejoice if they did so? It is not a pleasant duty for me or any other Member to make these statements. I thank hon. Members for their courtesy in allowing me to tell my tale, but it is not at all a pleasant task. I hope the House will give me credit for sincerity and honesty. I do not do it from any sense of vainglory, or from any desire to make a great speech or to create an impression. Surely we, as men, have some chivalry left in us. We wish to make our voices heard, and we have a right to do so. Great Britain is still a great Power. I have had the honour to preside over two meetings attended by not very many but a representative number of Members of all parties, at which various aspects of this question were discussed. I am informed from authoritative quarters that the speeches then made were telegraphed out, and were the means of saving many lives. I ask hon. Members who took part in that, is that not a reward for what little effort

they have made? I say also it is a reward for us in this House to make our protest known. We have had a great discussion to-day, and if we are able to lift up our voices to express sentiments of condemnation of wrong-doing, if we know that the voices of hon. Members of this House have the effect of saving many human lives, and of bringing to an end injustice and cruelty to women and children, and helpless people who are not combatants, I appeal to hon. Members that we should all be very proud indeed. I want to say just one word to show how we have the opportunity here of taking action. It was well said, I think, by Mr. Gladstone: "That agitation was of very little use unless it led to action." We have a very clear case confirmed, as I have shown the House, from many authoritative sources. We have therefore, a mandate, if we require one, on the highest ground, that of humanity. We have a mandate under The Hague Convention, to which both the Powers and ourselves were consenting parties.

Let me read to the House the particular Articles to which I refer. Article 2 of the regulations respecting the Laws and Customs of War on Land says that:

"the population of a territory which has not been occupied on the approach of the enemy and who spontaneously take up arms . . . shall be regarded as belligerents."

Article 3 says that:—

"in case of capture by the armed forces . . . have a right to be treated as prisoners of war."

Article 4 deals with prisoners of war, and says :—

“they must be humanely treated, and that all their personal belongings . . . shall remain their property.”

I think the House will agree with me that there is ample power, therefore, for Great Britain to act. All that is necessary is for hon. Members here to express the views which I have, I am afraid, very inadequately expressed. Let hon. Members support those views if they think they are honest and sincere views. This House has the power. Right hon. Gentlemen are helpless before the House—if we only knew it. We have the power if we unite, and if hon. Members co-operate with us in trying to urge this Government to act. If you co-operate with us in urging the Government to act, and they refuse to do so, then we have a common cause. We can turn the present Government out. [Laughter.] Hon. Members laugh. It is perfectly true. We invite you to co-operate with us in this matter. It is no laughing question. If hon. Members believe we are acting honestly and sincerely let them act with us. It will redound to their credit in their constituencies. Is there a single voter in any constituency which will call their action into question? There cannot possibly be any one who could call it into question. Why, then, fear to take action? Why not unite with us in urging the Government to take some steps to protect these people under The Hague Convention and in the interests of humanity? I have some doubt as to the motives which have animated or

inspired His Majesty's Government in their action in this matter. Why have His Majesty's Government not disclosed their policy in regard to Turkey, Italy, and this country? I admit that it is a most extraordinary thing, and it is very difficult to elicit why the Liberal Government could not take action, which, after all, would be in accordance with Liberal traditions. The only reason I can adduce for the action of His Majesty's Government is that indicated in the speech of the right hon. Gentleman the Foreign Secretary, which hon. Members opposite have referred to. I am very glad to pay a high compliment to the very warm and generous expression of good feeling towards Germany which fell from the right hon. Gentleman the Leader of the Opposition (Mr. Bonar Law). We on this side of the House feel, that although we may differ and continue to differ in many respects from the right hon. Gentleman, we still feel admiration for the manly, straightforward way in which he expressed himself in regard to Germany. Without in any way showing any weakness, or in any way discounting the high difficulty of this country, without in any way indicating that we are not prepared, as I hope we are and always will be prepared, to stand up for our own rights, and interests, and for the honour of Great Britain, yet he was prepared, in contrast to the Foreign Secretary, to express himself in warm and generous terms towards Germany. I cannot understand the attitude and the view of the present Government, and their policy towards others. I am convinced the real reason is an obsession on the part of the Foreign Secretary,

more particularly in regard to Germany, and that he might possibly detach Italy from the Triple Alliance. That is the only deduction that I can draw as throwing light upon his attitude. The House will be interested to hear what the views of His Majesty's Government are. Personally, I prefer to hear the views of the head of the Government. I had occasion once to approach the head of the Government ; he deprecated reference to these occurrences, which, I think, should really bring a blush of shame to the cheek of any chivalrous man. The House would welcome a statement as to the policy of the Government on this question. I can only make one final appeal to the House. I would remind hon. Members opposite of the policy of Great Britain under the great Canning, a great Conservative, and the greatest Foreign Minister this country ever had. The greatness of Canning's policy was to be friendly with all nations and to avoid entangling alliances with all. The Foreign Secretary has spoken rather in ridicule of that great tradition. Canning caused this country to be respected in the councils of Europe ; he was prepared to be friendly with any Power without entering into entangling alliances. Canning, Palmerston, and Gladstone took up the question of suffering mankind. Here is an opportunity for Great Britain to revert to those heights of noble traditions, and I appeal to this House to look back on its past. Remember the great men who have adorned our parties, who have shed lustre upon the great Conservative Party and the great Liberal Party, and, having regard to those great traditions, let us try to excel, if we can, the great glories of the past.

CHAPTER III

THE INTEGRITY OF PERSIA

IN the early part of the year 1912 I had occasion to visit the United States of America. The Persian question was then very much in evidence, and the relations between that country and Russia were being freely discussed. The fact that a distinguished American citizen, Mr. Shuster, had been engaged by the Persian Government to organise the finances of the country made the subject more interesting to the American people.

I visited Washington and had an opportunity of discussing this question and the Turko-Italian War with many prominent American statesmen. With a view to peace and the termination of the war, I was anxious to get America to offer her good offices to Turkey and Italy, and also to support the contemplated diplomatic action which was proposed by the Chairman of the Foreign Relations Committee with regard to the dispute between Russia and Persia.

On my return to England the Persian question came up for discussion in Parliament, and on February 21st, 1912, I delivered the following speech :—

The Amendment, which I have great pleasure in supporting, states that, “ We humbly represent to His Majesty that the failure of His Majesty’s Government to take effective steps to preserve the integrity and

independence of Persia, in accordance with the terms of the Anglo-Russian Agreement of 1907, constitutes a grave menace to your Indian Empire and to the best interests of this country." I think the House will agree that the many able speeches that we have heard have completed the case, and that there is no doubt in the minds of any of us as to the independence and integrity of Persia having disappeared for the moment. The Secunder of the Amendment referred to the interest that is being taken in this question in other countries, and he mentioned France. I have recently returned from a visit to Washington, where there is very great interest indeed being taken in this question by Members of the Government as well as throughout the whole breadth of the United States. I think the feeling there is one of sorrow that Great Britain has not maintained her high tradition of supporting a nation struggling for freedom and for nationality, and the fact that her distinguished citizen, Mr. Shuster, was organising the finances has given her a personal interest beyond the broader one of justice and humanity. I had, when in Washington, placed in my hands by the chairman of the Foreign Relations Committee a copy of a resolution which was introduced in the House of Representatives, and referred to the Committee on Foreign Affairs and ordered to be printed. It was a joint resolution requesting and empowering the President to communicate with Russia and Persia, and to urge them to refer differences between them to the Permanent Court of Arbitration at The Hague. It went on to state that,

“whereas a serious dispute has broken out between Russia and Persia which under certain circumstances might involve them in war, and the duty is therefore incumbent upon the United States as a contracting party to remind them that the Permanent Court is open, and the performance of such duty may only be regarded as a friendly act, therefore it is resolved by the Senate and House of Representatives of the United States of America in Congress assembled, that, pursuant to the aforesaid treaty, to which Russia, Persia, and the United States are parties, and in the high interests of peace, the President of the United States be urged, requested and empowered as speedily as possible to communicate with both Russia and Persia, urging them to refer any differences between them to the Permanent Court of Arbitration at The Hague, in accordance with the Convention to which the three nations are parties.”

I am assured by authorities in Washington that that resolution was only awaiting a time to be brought forward seriously in the House of Representatives and the Senate, when they were convinced that sufficient support would be forthcoming, both from Members here and from other responsible bodies. I believe every hon. Member would certainly be prepared to support any action which the House of Representatives or the Senate might take to urge their President to suggest this means of settling any outstanding differences which may exist between Russia and Persia, and thereby arrive at a satisfactory conclusion of this dispute, if any incentive is required. The first act in this drama was the invasion of Persian territory by Russian troops, and the second is the Anglo-Russian

Note. It is of vital importance to Great Britain to maintain an independent State as a buffer for our Indian Empire. It is of the very essence of the highest statesmanship for this country to throw the great weight which she can throw, backed up as I believe by the moral influence of the United States, into the maintenance of the integrity and independence of Persia. As Mr. Gladstone well said on a previous occasion, when there was talk of possible aggression, "there is no barrier" for this purpose "like the breast of free men."

In the Anglo-Russian Note we see really the beginning of a new regime, and it is very pertinent to compare conditions now, when they have got rid of Mr. Shuster, with the state of affairs prior to his departure. The most convincing test of the different state of affairs is the difference in the credit of Persia now as compared with the state of affairs which existed under the regime of Mr. Shuster. I believe, before his departure, there was a proposal on the part of Persia to negotiate a loan. I believe it was to have been a 5 per cent. loan, and was to have been issued to the public at about 96½, and the probable cost to Persia of borrowing at that time would have been about 6 per cent. We all know that under the beneficent influence of the two great Powers which have gone into the pawnbroking business, as it has been described, we are prepared to show what an immense advantage it is to Persia that we should take charge of Persian finances by charging this little State 7 per cent. Here was Persia, before prepared to borrow in the market on negotiations on her own account, which

would have cost, at the most, 6 per cent., now compelled, almost at the point of the bayonet, to receive a trumpery £200,000 at 7 per cent.

Reference has been made to the effect on our commerce. I agree that that should not influence us or enter into our recognition of justice or humanity, but it is only *à propos* and right that we should touch on the effect which would have resulted from the success of the earlier financial transactions. Had the original loan gone through, all of us who have had any experience in these matters know that it would have led to a very great increase of trade and commerce, and it would have meant a great influx probably of Manchester goods and other products into Persia. It would have stimulated and developed the trade of Persia. It would have given Persia credit had it been successful, as I believe it would have been, being properly handled by a responsible financial house, and would have established Persia in the money markets of the world and stimulated and increased the trade of the rest of the world with Persia, all of which would of course have reflected and been reflected upon British trade and industry, and we should have seen as a result of that a great stimulus given to the trade of the Midlands and Manchester, which formerly did a large business with Persia. We see there, as we often see, that what is morally right is very seldom politically wrong. If we start out with the object of being true to our treaty obligations, we are also stimulating and helping our commercial interests.

Allusion was also made to the security for the loan. I should like to ask the Secretary for Foreign Affairs

if he is thoroughly convinced as to the absolute security of the loan which he now proposes to advance to Persia. I should also like to ask by what right and under what conditions, and under what statute he can make a loan on behalf of the British Government. Is it not necessary for him to come before Parliament? Can he use public money, even only to the extent of £100,000, and lend it out at 7 per cent. to Persia or any other country without coming before the House? If that is the case it seems to me it is well worth the consideration of this House. We should inquire into the ways and means of the Secretary for Foreign Affairs entering on behalf of the Government into such a transaction. If he can do for hundreds of thousands, why not for hundreds of millions? If so, it seems to me that is another argument for more democratic control of foreign affairs, and control over the liabilities which may be incurred if the Foreign Minister has power to enter into such transactions. I feel in respect to this question what no doubt others feel. My hon. Friend the Mover of the Amendment referred to the need of greater democratic control over policy, and I should like to congratulate him on the admirable treatise he recently published on this question. It seems to me the necessity for it is made more apparent every day. We find that our diplomacy is fettered, and that we are crippled and not able to have that control over foreign affairs which we formerly enjoyed, because apparently of the reading into alliances and understandings of something which, I think, the country never anticipated when they were entered into. We find that we are

really being dragged at the heels of Russia. It is not in accordance with the spirit of this country to be a partner in such transactions, and I think it is entirely opposed to the spirit of freedom and to the spirit of independence which is, or ought to be, the very life-blood of British foreign policy. I cannot better illustrate this than by quoting a statement made by the great Mr. Canning, who admirably described the function of Great Britain's foreign policy in words which seem to me to be just as applicable to-day as when they were uttered three-quarters of a century ago. He said :—

“The function of England, in fact, in so far as her obligations to Europe were concerned, was to hold the balance between extreme principles, a function for which her constitution pre-eminently fitted her. But for the fulfilment of this function England had been impotent, because she had been entangled in the meshes of a system which hampered her free action. In the atmosphere of the alliance, her initiative had been stifled, because the whole spirit of continental statesmanship was alien to her genius.”

We are unable to make our voice heard because of certain alliances and understandings, and we cannot, somehow, make our protest of any value, because we are fettered and held down by these alliances, and understandings, which are alien to the spirit of British sentiment and feeling. What is, or what ought to be, the genius of British statesmanship to which Canning referred? Surely the genius of British policy ought to be and is the love of freedom. That, surely, is

the genius which he contended was not expressed in Continental countries. We find that the Russian Government is quite away from the Russian people, and is not a lover of freedom in the same way as is the case in countries which have control over their Governments. Therefore it is impossible for the Russian Government to work in harmony with the British Government, which, after all, still is a freedom-loving Government as representing the British people. It is impossible to have a partnership without, sooner or later, in respect of the Agreement, either our having to give way to Russia or Russia having to give way to us. I say the Agreement is antagonistic to the spirit of Britain and her policy. That love of freedom which unquestionably has burned in the breast of every Irishman for centuries, that love of freedom which does not belong to any one party, and which found one of its best examples in Mr. Canning in the Tory Party, and its highest expression in the immortal Gladstone in the Liberal Party—that spirit is not dead to-day in England. I believe it exists in the people of England, and if the lamp of freedom is, perhaps, burning dimly in the hands of those who at present hold it, it does not mean that it does not exist, and that we here are not anxious to see Great Britain resume her former place. It is in the hope that we will even at this late hour revert to our higher traditions, and stand out for justice and humanity to struggling nations, that I make a final appeal to the Government to stop before it is too late, and insist upon a reversal to that higher and nobler position.

CHAPTER IV

THE HOME RULE DEMONSTRATION IN DUBLIN

DURING the year 1912 I paid a visit to Ireland. My son, a boy of thirteen years of age, accompanied me; and during our stay in Dublin, we were entertained by Mr. Patrick Joseph Brady, Member of Parliament for the St. Stephen's Green Division of that city, at whose suggestion I was induced to combine a projected holiday to the Lakes of Killarney, with attendance at the great Home Rule Demonstration which was about to take place. This Demonstration was held on Sunday afternoon March 31st, 1912. After the morning services in the various churches were over the scene became most animated. I don't suppose Dublin ever held so large a crowd. O'Connell Street, or Sackville Street, as it is now called, where the Demonstration was held, has a surface area exceeding seven and half acres, and was packed to overflowing. There were delegates present from all parts of Ireland; nine of the eleven Irish Corporations were represented in state. All the County Councils were represented, the heads of the Municipal Bodies, the Urban District Councils, the Poor Law Committees, and various social bodies. There were special trains run from all parts of

Ireland, and I can truthfully state that I never addressed a larger gathering in my life.

There were four platforms placed at intervals along Sackville Street. We met those intending to take part in the day's proceedings first at the Mansion House, and then proceeded through the streets to the various platforms. I was invited to accompany Mr. J. E. Redmond, M.P., the leader of the Irish Party, to No. 1 Platform. It was a difficult matter to get from the carriage to the platform owing to the denseness of the crowd. Through the good offices, however, of a burly Irish Member of Parliament, who kept shouting "Make way for the English M.P.," a lane was formed, and I eventually was allowed to reach the platform.

The speeches were very good, and listened to with rapt attention by the assembled multitude, Mr. John Redmond's being a model of what a moderate and statesmanlike utterance ought to be. There were other speeches equally good by Irish Members of Parliament, all breathing a fine spirit of kindly good-will towards the United Kingdom.

The Lord Mayor of Dublin invited me to address the gathering. I promptly responded, and was almost overwhelmed by the warmth of the Irish welcome accorded to me. This, I believe, was largely due to the fact that I was the only British Member of Parliament, not being an Irish Member, taking part in the meeting.

I commenced my speech by addressing the assembly as "fellow citizens of the British Empire." This was received with tumultuous cheering, and at once put me on good terms with the audience. I told them how proud I was to inform them that my father had helped

Mr. Gladstone in bringing in his Home Rule Bill, and if God gave me strength, and I was spared, I hoped to help their great leader in his task. Moreover, if any further help was needed, I had a son, pointing to my boy looking down at them from a neighbouring window, who, if it became necessary, would be prepared to give any help he could.

I recalled to their minds some events which had taken place during the period when a Parliament had formerly existed in Ireland. There was one fact, and a very significant one, *i.e.* that the bankers of the City of Dublin in the year 1798, passed a resolution declaring that, since the ending of the interference of the power of Great Britain, the commerce and the prosperity of Ireland and the United Kingdom had eminently increased. Mr. Lecky, the historian, had also referred to the fact that the exports from the country in ten years under a Home Rule Parliament had more than trebled. I believed that history might repeat itself, and that under Home Rule the development of commerce, trade, and general prosperity of Ireland would astonish not only Ireland, but the civilised world. I concluded by stating that many of us in England felt that during the past century an irreparable wrong had been inflicted upon Ireland by the withholding of the grant of Home Rule. We desired to make amends for that state of affairs. It had been a great delight for me to be present, and if I could in any way do something to make amends for that irreparable wrong, I should feel that my life had not been lived in vain.

When I sat down the enthusiasm broke forth, and was a most remarkable demonstration. The people

surged around the platform desiring to shake hands with me. What a scene presented itself to the gaze! A perfect day, and a sea of faces as far as the eye could see. The cheering was tremendous. Wherever I turned, hands were outstretched towards me. It was the greeting of a loyal and warm-hearted people conscious of their past sufferings, but desirous of forgetting them, filled with hope, and seeing in me for the moment the representative of a country which had for over a hundred years misunderstood this highly gifted race. It was a most moving spectacle, and one never to be forgotten so long as life remained.

A few days after this stirring event we left the capital, and turned our faces towards that beauty spot, the famous Lakes of Killarney. Here for a while I rested amidst the exquisite and enchanting scenery. But change of effort is the only holiday I know, and trout-fishing became the order of the day.

We had had one or two not very successful days on the Lake of Killarney, my own belief being that it was still too cold for fly-fishing, but the hall-porter in the Great Southern Hotel where we were staying, being a sanguine individual, advised us to have a day on Lough Quittane. Nearly all Irishmen, and particularly Irish gillies, boatmen, and hall-porters, are sanguine individuals. Every day is to be the best day you ever had, and every lough is the best lough in the country for fishing. However, off we started on a Saturday morning, on an Irish jaunting-car, my son and I on one side, and our boatman Donohue on the other, with a genial Irish garvie driving us, and pointing out the beauties of the scenery as we bowled along. We had a drive of about

seven miles to the side of the lough, which was situated right in among the hills.

The conditions were on the whole favourable for fly-fishing, although it was still rather cold. The sun was shining brightly, there was a nice breeze blowing, and we were not long before getting to work. But the fish would not be tempted, and refused to rise to the fly. Donohue suggested trawling with the imitation minnow, and we got three rods out at the stern for this purpose. It was not very long before we had four very nice trout. We pulled up to an island in the middle of the lough and had lunch.

After lunch we again carefully resumed our trawling. Within half an hour my boy, who had a light trouting rod, hooked what was evidently a big fish. He handed the rod to me, and it bent nearly double under the strain. I gave the fish plenty of line, and meanwhile we decided to take in our other rods, so as to give me plenty of room to handle the fish. After about twenty-five minutes' rushing backwards and forwards, I got him near to the side of the boat, when we discovered that our landing-nets were all much too small for the purpose of landing so large a fish. It was too dangerous to attempt getting him into the net head first, in case of not getting him completely into the net, and the hooks catching and the fish breaking away. The boatman tried again and again to coax him into the net tail first, but that was equally useless, and I certainly thought I had lost him once or twice during the manœuvre. However, after about forty minutes' struggle, when he was pretty well tired out, I again got him up to the side of the boat, and Donohue grabbed him by the tail

and lifted him aboard. He proved to be a big trout, unfortunately not in very good condition, but he scaled $4\frac{1}{2}$ lbs. We got nothing more, but had no reason to be dissatisfied with the day's result. After tea in a neighbouring cottage, and a chat with the owner on Land Purchase, Home Rule, and the general prospects of the country, we returned home to the hotel.

The scenery surrounding this lough is beautiful in the extreme. At one end level fields and a pebbly beach complete the picture. At the other, steep rocks and high mountains frowned down upon the turbulent waters which at this end were lashed into foam by the breeze which blew steadily all day. At this spot, ever and anon, an eagle, or hawk, high above our heads, would fly out from its nest to attack another bird which evidently intended mischief of some sort or another. It was most exciting to watch this contest of these champions of the air. The two birds would circle round and round one another, when suddenly one would make a dart and they would close in deadly embrace, and as suddenly draw apart again, only to repeat the operation until exhaustion compelled them to desist. This combat in mid-air suggested to my mind an image which I made use of later on at a Home Rule Demonstration in Coventry when describing the passage of the Home Rule Bill through the House of Commons.

On my return to Dublin we stayed for a few days with Lord Aberdeen at the Vice-Regal Lodge.

Needless to state, this visit was a most delightful climax to our sojourn in Ireland. An amusing incident occurred one evening when Lord Aberdeen's

aide-de-camp came up to my room, in evident distress, to say that unless my son joined the dinner-party we would sit down thirteen to dinner. Nothing loth, my boy, who had been having his meals with the children of Sir Anthony Weldon, the State Chamberlain, donned his evening clothes and came down to dinner. He was intensely interested in everything he saw, particularly when the ladies retired and Lady Aberdeen made a low curtsy to Lord Aberdeen as representing the King. When 9.30 p.m., his bedtime, arrived, my boy created infinite amusement by promptly jumping up and marching to Lord Aberdeen before the assembled guests and bidding him good-night.

Nine months later, on January 25, 1913, Mr. John Redmond was my guest in Coventry, when, accompanied by Mrs. Redmond, he spoke at a mass meeting in that city to celebrate the passing of the Home Rule Bill through the House of Commons. There were also present Mr. P. G. Brady, M.P., Dr. Esmonde, M.P., Mr. W. M. R. Pringle, M.P., and Mr. W. Johnson, M.P. Previous to the meeting I gave a dinner to about forty leading supporters to meet Mr. and Mrs. John Redmond.

Mr. Redmond delivered a great speech, eloquent, historical, and convincing. The occasion was worthy of the man, and he did full justice to it.

I followed, and read this letter from Mr. Asquith, who was then Prime Minister.

10, DOWNING STREET,
WHITEHALL, S.W.

DEAR MR. MASON,

I must congratulate you and your constituents on the presence of the leader of the Irish party at your

meeting. No one can put before you the case of Home Rule with greater eloquence and force.

We have proposed, and carried through the House of Commons, the Home Rule Bill in response to a demand for a measure of self-government which has been persistently and untiringly maintained for more than a generation by the representatives of the great majority of the Irish nation. We of the Liberal Party believe that this demand is supported by justice and expediency, we believe that it is necessary for the better government of Ireland, and of the whole kingdom, and we believe it will knit together the nations under the Crown by a stronger and more permanent bond of common loyalty and interest.

Yours sincerely,

H. H. ASQUITH.

I gave to the meeting some interesting figures which had been given to me by Mr. Finnemore of the Midland Liberal Federation, showing the great recovery which had taken place since the relapse after the Home Rule Bill was introduced in 1886, and I was proud to say, as an M.P., that with other cities they had been successful here in Coventry in helping towards that recovery. In 1885 before the Home Rule Bill was introduced there were in the Midland area fifty-eight Liberal M.P.'s and eighteen Conservative M.P.'s. After the Home Rule Bill was introduced in 1886 there were twenty-seven Liberals returned and forty-nine Conservatives and Liberal Unionists, a relapse which was largely to be attributed to the defection of such honoured Liberals as John Bright and Joseph Chamberlain. In December 1910 they found thirty-one Liberal and Labour M.P.'s returned in favour of Home Rule and

forty-five Conservatives and Liberal Unionists opposed to it, thus a gain of four seats showed that the tide had turned, and I believed we would continue to make further progress in the same direction.

I described the passage of the Bill through the House of Commons, and spoke of the invaluable services of Mr. Redmond in watching over its progress. From his seat in the back benches, he had sat there perched like an eagle, as I had seen one do high up in a cliff on the Lakes of Killarney, ready, if an enemy attacked, to pounce and destroy.

At a meeting of the Irish Party of Coventry later in the evening, Mr. Redmond was kind enough to say that I had been one of the best assistants the Irish Party had had in piloting the Home Rule Bill through the House of Commons.

The unanimity and enthusiasm which prevailed during the whole of Mr. Redmond's visit were an eloquent testimony to the advance which had taken place in the conversion of the "predominant partner" to the cause of Home Rule.

CHAPTER V

SUSPENSION OF THE OLD SINKING FUND

IN the year 1912 the Chancellor of the Exchequer, Mr. Lloyd George, in his annual statement, announced a realised surplus of £6,500,000. In the usual way, and according to the terms of the Old Sinking Fund, this amount ought to have gone to the redemption of the National Debt. But the Chancellor of the Exchequer thought otherwise, and a notice suddenly appeared on the notice-paper of the House of Commons in his name proposing the suspension of this fund. No reason was given for this extraordinary departure from a sound and well-recognised custom, and a strong feeling of opposition to the proposal was at once made manifest on both sides of the House. I took the first opportunity of giving expression to this feeling, and delivered the following speech on the subject on April 29th, 1912, in the House of Commons. As a result of this protest, after some two or three weeks' delay, the Government gave way to the extent of £5,000,000 which went to the redemption of debt; £1,000,000 was allocated to the Navy, and £500,000 to Uganda.

I wish to refer to the Resolution of the Chancellor of the Exchequer, which is in the following terms :

“That it is expedient that the obligation to issue

the Old Sinking Fund to the National Debt Commissioners should not apply to the Old Sinking Fund for the year ending the thirty-first day of March, nineteen hundred and twelve."

This is surely a very grave matter for us to discuss. Whatever our views may be, we all agree that to suggest a departure from existing law and procedure as laid down or outlined in the Sinking Fund conditions is a very grave proposal to put before the House, and we are entitled to a very lucid and frank exposition on the part of the Chancellor of the Exchequer of his reasons for moving such a Resolution. Is it really urgent that he should ask us to alter the law with regard to the Sinking Fund? What is that law? It is very specifically laid down in the conditions of the Old Sinking Fund that all surpluses should automatically go to the reduction of debt. I submit that unless there is a very urgent case made out we should seriously consider our position before such a very grave alteration of the law is sanctioned. To take a realised surplus of £6,500,000, and carry it to the Exchequer balances, is certainly an operation which has some effect on the money market. In the natural order of things it would have gone to the reduction of debt, and its effect on the short loans market is one that ought to be considered. Further, the carrying forward of this enormous surplus must be a temptation to many of a spendthrift tendency to apply to the Treasury for Grants for various purposes. If this money had automatically gone to the reduction of debt we should have been so much the better off; we should have strengthened our national credit

by that amount. If it proved to be necessary that the money should be used for naval purposes, there would be no absolute necessity for cash payment for those naval exigencies ; and any further money that might be necessary in the current year would, no doubt, be forthcoming in the usual way. Each year ought to stand on its own basis, and the realised surplus ought surely to have gone in the natural order of things to the reduction of debt.

Will the Chancellor of the Exchequer state definitely what he proposes to do with this £6,500,000 ? Further, will he state frankly that, if the House agrees to the proposal, and the money is required, he will come to the House for its sanction for the purposes for which the money is required ? The Chancellor of the Exchequer has shown by the way in which he treated the proposal for an Estimates Committee that he is anxious to carry the House with him in regard to its control of the national finances. I am sure that I am not making too great a demand upon the right hon. Gentleman when I ask him to be very frank in taking this Committee into his confidence ; we are always very anxious for a frank and free discussion of our finances, and we ask for his confidence when he asks us to give such wide powers as suggested in this Resolution. I should just like to say a word or two on the supreme importance of economy—a rather dull subject perhaps—the maintenance of our national credit and of the Sinking Fund. I do not say at this stage how I am going to vote in regard to this Resolution. As I said at the beginning of my remarks, if the right hon. Gentleman can make out a good case, is

frank in taking the House into his confidence, and can convince this House that there is an urgent necessity for us to give him the power he asks, then certainly any fair and broad-minded man will take that into consideration. Without that knowledge and that information in our possession we are all, I think, entitled, at this stage certainly, to protest against the apparent lightness in treating this subject, and of showing, if I may put it so, not a proper appreciation of the supreme importance of maintaining our Sinking Fund, of economy, or of the maintenance of the national credit.

We have had a great deal of discussion over the last two or three years as to the price of Consols. A great many theories have been advanced as to what governs the price of Consols. If I may venture to give a definition, I would say that while, of course, there are a great many causes, as every one knows who has had experience of finance or business, yet what governs the price of Consols is the proportion which the loanable capital of the world bears to the fixed or funded capital of the world. That is to say, if there is a great mass of loanable capital, not only in this country but abroad, the rate of interest tends to fall. Consols then tend to rise. If money can be lent out at a higher rate of interest than you will get in Consols, the tendency is for securities to be liquidated, and for the capital to be used for lending out purposes, for trade, and so on. When the proportion of loanable capital accumulates and increases in the money markets of the world, as against the amounts desired for fixed capital or funded debt, then

the tendency is for these securities to rise. There are a great many contributory causes, but I think the House will agree in the main with my definition. I hope I do not weary hon. Members by going into these details, but it is necessary to bring out my argument, and to draw attention to the very great importance of the step we are now taking as to what in the main governs the price of Consols. We know that no single Government can control the proportion which loanable capital bears either to fixed capital or funded debt, but certainly Governments can have a very considerable influence upon the matter.

Our British Budget will very soon approach £200,000,000, taking into account the Post Office and the telephones. That is a huge sum for any body of men or any Chancellor of the Exchequer to have to handle. I think distinguished Members who formerly occupied that position, such as Mr. Gladstone, would have held up their hands in horror at having to grapple and arrange a Budget of this enormous size, and we must congratulate the present Chancellor of the Exchequer on the apparent lightness and cheeriness with which he faces his burden, but it is a great burden, and one of very great responsibility, and I submit that any body of men who have the handling of such a huge sum of money can have some effect, some influence, indirect influence it may be, upon the money market and upon national credit. My point is this: Consols have fallen because of the fact that the proportion of loanable capital has been very much reduced compared with the fixed capital and the funded debt. That is owing to trade activity,

owing to a very great increase in the funded debts of the world through wars and so forth during the last ten years. Governments cannot alter the past. Having regard, however, to the position, and that the Chancellor of the Exchequer realises that position——

MR. LLOYD GEORGE: There are the Trustee Securities.

MR. D. MASON: The right hon. Gentleman reminds me of the increase in Trustee Securities. That, it is quite true, is one of the contributory causes. I quite agree. But, with all respect to the Chancellor of the Exchequer, I think that that cause is very much exaggerated. The main governing factor, I think the right hon. Gentleman will agree, is the proportion of your loanable capital. Bankers in this House will confirm me in this. If they find capital accumulating, and have a difficulty in lending it out for trade or other purposes, then they must invest it in interest-bearing securities. It does not matter to them about the Trustee Act or any other Act. After all it is not really the private investor who in the main invests in Consols. The great buyers are the bankers and the insurance companies, and the reason that they purchase Consols is because they are not able to get such a high rate of interest for their capital when they are lending it out. When, therefore, they have a difficulty in lending money, when capital increases with them, and in the money markets of the world, they must invest in interest-bearing securities. I am not reflecting upon the Chancellor of the Exchequer, or upon the Government, or the policy of the Government. I am only asking this Government, or any

Government, to face the facts. Surely these are economic facts ! They do not reflect upon the policy of the Government, but surely they should be taken into consideration by the Government ! I hope I am as keen a social reformer as any Member of this House, but I think you ought to cut your coat according to your cloth, and regulate your social reform with the conditions prevailing. When we find, as to-day, that capital is not plentiful, that owing to the activities of trade, owing to great schemes of social reform, owing to the great expenditure necessary for armaments—I am not saying whether these latter are necessary or unnecessary, but they cost money—the loanable capital is absorbed, and the supply naturally reduced, we should realise that position. If we are going in for schemes of social reform we ought to have regard to the amount necessary for our defence, to the amount to be spent upon the Navy. What I have stated ought to appeal to any Committee of practical men and to any House.

We have heard a great deal in recent years with regard to labour unrest. Much has been said about the cause of that labour unrest. The Government have been asked to hold an inquiry and to allot a day for the discussion of the matter. Many theories have been advanced in regard to this matter. May I be allowed just to state that this very question of national finances has something to do with labour unrest ? Hon. Members may ask me where is the connection between the two ? Labour unrest has assuredly been brought about by an increase in the cost of living. While wages, it is true, have increased during the last

ten years from 100 to 102, the cost of living has increased from 100 to 106. That means a decrease in the real wage. Working men to-day, although having fairly regular employment and good wages, find their conditions have not improved in proportion because of the increase in the cost of living. This increased cost of living has been brought about by a great variety of causes, including the abnormal production of gold. But I just wish to show the connection, as I said, between national finance and the increased cost of living. If Governments, pursuing a certain line of policy, do not recognise the necessity for husbanding their resources, for reducing their debt and reducing their taxation in times of prosperity, then I submit that they are accentuating this increased cost. Let me give an illustration.

If this Government, for example, were to take this $6\frac{1}{2}$ millions and use it for the redemption of debt, that would at once set free $6\frac{1}{2}$ millions available throughout the country. It might be used through the various banks for various purposes, and if by pursuing another policy further we were able to come to an agreement with other countries to reduce the necessity for enormous armaments, we might be able perhaps to save a further ten millions. All that capital would become available in the markets of the world. If that capital, becoming available, were to be used to develop new wheatfields in various parts of the world, it would increase the supply of wheat and food, and actually would reduce the cost of living, so that the Government, as I have said, having a Budget to handle of something like £200,000,000, can undoubtedly have a

great effect in either accentuating or lessening this increased cost of living which I believe in the main has produced a great deal of the present unrest. Anyhow, I submit to this House that before we agree to this very important and grave proposal to suspend the Sinking Fund, we are entitled to ask the Chancellor of the Exchequer for a full and adequate explanation. I have not the slightest doubt that the right hon. Gentleman will accede to my request. I know he is always frank and free in giving any explanations or in answering any questions put to him. We look forward to him making a very clear and urgent case for asking us to agree to so very important a proposal as mentioned in the Resolution.

CHAPTER VI

WOMEN'S SUFFRAGE

THE question of Women's Suffrage was very much before the public in the year 1912. Various Bills had been introduced in the House of Commons with the object of settling this much-vexed question, but owing to the division of opinion which existed in all parties, and in the Government itself, agreement appeared to be impossible of attainment.

At last what was supposed to offer a prospect of a settlement, but which proved to be no settlement, was the introduction by the Government of a Franchise Bill on June 17th, 1912, with the promise that, in the event of an amendment in favour of women's suffrage being carried, it would then form a part of the Government measure when it finally left the House of Commons.

On the introduction of the Bill I determined to oppose the first reading, and communicated this decision to Lord Robert Cecil, who agreed to support me in the Division Lobby.

In the debate which took place I delivered the following speech. The figures in the division in the evening were: Ayes 274; Noes 50. Before the Bill, however reached the Committee stage the Speaker ruled it to be out of order to introduce an amendment in favour of Women's Suffrage, as by so doing the

original character of the Bill would have been entirely altered, and this decision resulted in the Government dropping the Bill. The action I had taken in opposing the Bill was therefore fully justified.

I rise to state that I shall oppose this Bill on the First Reading for the simple reason that women are left out of it. I do not propose to follow the remarks of the right hon. Gentleman on the other side as to the various details of the Bill, because obviously if one is going to oppose the proposed introduction of the Bill itself, it will be useless to discuss the details of that Bill. I think we are entitled to ask the Government which has introduced this Bill what are their credentials in introducing such a measure. I think hon. Members will agree with me that the position is odd, in this introduction of a measure of so far-reaching a character, which, although many on these benches no doubt will support much of it in detail—the abolition of plural voting and so forth—does not deal with what, after all, is really the question before the country to-day. What is it, if men are really honest and sincere in connection with the franchise question, they consider the great question before the country at the present time? Surely there can be only one answer: that is the question of women's suffrage. That is really the question that we all have in our mind, and that is the question which we should grapple with and face in any measure brought forward by any Government. We are entitled, therefore, to ask what are the credentials of the Government in bringing this measure forward.

Let us take first the position of the Prime Minister.

The Prime Minister has stated very straightforwardly on many occasions that he is opposed to women's suffrage; that he regards it, or would regard it, as "a menace to the State," and therefore he believes that it should not be introduced. There are other Members of the Government, I understand, who support the Prime Minister in that attitude of mind. I think that the House will agree with me that if the Prime Minister is sincere, if he honestly does believe that women's suffrage would be that menace to the State, it is perfectly absurd, and it is an insult really to the Members of this House and to the country, to try, as it were, to have the best of both worlds by holding out this absurd idea—for it is nothing more or less than a delusion of an idea—to suggest that an Amendment may be moved by this House; that he will throw the responsibility upon Members of the House of passing an Amendment including woman's suffrage. If he is opposed to woman's suffrage, if he regards it as a menace to the State, he is bound, as an honest man, as a man who really does believe what he states, to use every possible effort, to fight for all he is worth, as it were, to use every legitimate endeavour to prevent this Amendment on women's suffrage becoming law. Not only that, but in his Government there are Members who will be accessories to the fact, supporters of his ideas, and to allow a distinguished Member of his own Government or of this House to propose an Amendment on that which he regards as a menace and something which is likely to be harmful to the State, is to ask us to regard him either as a fool or a knave. That is a self-evident proposition.

There are, I believe, Members of the Government who, I suppose, support the Prime Minister in that view of harm to the State. All I can say is that I am sure the right hon. Gentleman deludes himself if he thinks he can either throw dust in the eyes of Members of this House or the people of this country in endeavouring to present this sort of double-shuffle of a Bill where we are going to have a great advance made in manhood suffrage, while the supporters of women's suffrage are to be put off by this idea of an Amendment which may or may not become the law of the land. I do not propose to describe those various supporters of the Government who take that view. When I attack the right hon. Gentleman the head of the Government I include all the other Members of the Government who support him in his point of view. I come to the other section of the Government, that section which have led us to believe, not only in this House, but in the country, that they are supporters of women's suffrage. Apparently because they are Members of the Government they support the Bill. They ask us to believe that they are whole-hearted supporters of women's suffrage, and that this is our one chance in the women's suffrage moment of leading to some conclusion, of an Amendment becoming part of this Bill, and therefore the law of the land. What an absurd position for them to be in! On this Bill we have to consider—as the Bill does not include any provision for women—I am not discussing whether this particular Bill should be extended equally to the women of this country; that is not the question before us—the question that we have to decide in

discussing the introduction of this Bill is surely as to approval or otherwise of the principle of the Bill. If this Bill itself makes no provision for women, then I think I am right logically in opposing its introduction in any shape or form, though right hon. Gentlemen who apparently support this Bill, and who are in favour of women's suffrage, ask us to regard them as assuming and taking up a consistent attitude. In logic that seems to me to be the most dishonest and most illogical.

If I am in favour of a certain principle, and if I happen to be a Member of the Government ; if I am in favour of women's suffrage and regard it sincerely and believe in it, surely I am entitled to go to the head of my Government and insist that it shall be inserted in any Franchise Bill that is brought in ; particularly when every one throughout the country knows that this question is a burning question. It is absurd to delude ourselves that this question of women's suffrage is not within the sphere of practical politics. We have all discussed it in our constituencies, and we have had to deal with it in our election addresses. I hope we are all honest men, but it is not consistent with a high sincerity to say one thing in the constituencies for the purpose of gaining votes, and then, by taking part in a double-shuffle, or a backhanded method of proceeding, to get out of our promises in this House. That is self-evident. The attitude of those right hon. Gentlemen who would try to get us to believe that in supporting this measure which provides for the extension of the franchise, but does not include women, they are consistent, is I sub-

mit entirely wrong, and not in accordance with the position that they would like to maintain throughout the country. If they are to retain the support and trust of the country they must obviously either take their stand with the Government of the day, that if the Franchise Bill is brought before us that that Franchise Bill should include a provision for women ; or, if they are unable to make their views prevail in the Cabinet, then they have a very clear alternative, that is to sever their connection with any Government if a Government measure is persisted in which does not include women's suffrage. Then the head of the Government will consider whether he will be prepared to risk bringing in this measure, or he will agree with his colleagues not to bring in the measure at all. The Government must either surely stand or fall with their particular measure. It is absurd to delude us by stating that the other side are divided on the subject. That is not the question. There are many questions on which even the other side sometimes join with this side, and on which hon. Members on this side also join with other Members of the House ; but surely a Government bringing forward a measure of this magnitude must either stand or fall by it ? They must either bring in a measure because they believe in it, or state that they do not see their way to bring it forward, or surely leave it alone. But they cannot expect us, those of us who believe in women's suffrage, to support the First Reading with the idea that we are going to amend it in Committee or later. If we admit the principle, and if we support the First Reading of this Bill, then we are a party to that which I

regard as a dishonest proceeding. I said I did not propose to go into the details of the measure, because I cannot discuss details. But I trust Members of this House will appreciate the point of view I put forward, that is that if you support a principle, and wish to be consistent, you must oppose any measure which touches upon the franchise and which does not include the extension of the area to the provision of the franchise for women.

As I believe in that I may perhaps state why I regard that as fundamental to any measure of franchise, or the extension of the franchise, that is submitted to this House. I do not claim that women, or the addition of women, will bring about any great and particular change in this country. I believe that you will have progressive women, and that you will have reactionary women; you will have women in favour of this question, and opposed to the other question. I do not believe that if women come into the realm of politics as voters that they will vote as a body. I believe that they will support certain candidates, and certain Members of Parliament, and vote on certain questions just as men do. Part of them, as we know from our own experience in our own constituencies, will vote one way and part another, for we have Liberal women and we have Conservative women. No doubt we shall have women supporting Labour candidates, and women supporting Irish candidates. It is absurd to suppose, or to imagine, that because you extend the franchise to women, that women are going to vote as a body, and that they are going to alter the whole structure of the State; that they are

going to interfere with all the institutions of the State. Certain women, no doubt, will wish for changes in one direction or the other ; but I believe that the addition of women to the franchise will be an immense advantage to the State. I believe, instead of it being a menace, it will be a supreme advantage. It does not show us up in any particularly manly fashion, we men who believe in this, that some of us are content, possibly in a half-hearted way, to suggest that it will do if the House is in favour of women's suffrage, and so get rid of an awkward question by saying that, of course, we will support the Amendment.

Supposing this Amendment is not carried, what is the position ? It is, of course, this, that you have added a very considerable number of male electors to the register. Does any one in this House state, or is he prepared to state, that that will not be committing a gross injustice ? Of course it will. If you add a very large number of male voters to the electors, and if those male electors, when the question again comes forward of women's suffrage, utilise their power, as possibly they may do, to still further vote against the question of women's suffrage, you will still further set back this movement. You will be committing a gross injustice. You will be doing something which you must know is opposed to sincerity and honesty. I wish to draw the attention of the House to those who state that they are in favour of women's suffrage—to those Members more particularly who profess or who state that they are in favour of women's suffrage, and wish the country to believe that they are in

favour of women's suffrage. I am sure that the country would take note of the votes of those hon. Members. I think that is a self-evident proposition, that if any hon. Member is in favour of it, it is necessarily absurd that any one should support a Bill which does not include or make provision for women. He cannot honestly or sincerely do so, because he runs a great risk of the Bill being carried, and the Amendment being defeated, because it is not a Government Amendment. One could not be held up as disloyal to his party if he opposed the Amendment, for he could oppose it for many reasons. He might say he is in favour of women's suffrage, but does not think that such a large number should be admitted, and for various reasons he might oppose this Amendment, and this Bill may become an Act without it, and permit a gross injustice to be done, and set back for many generations the great boon which I and others believed would be of immense service and advantage to the State by the addition of women to the franchise. I hope I have made my position perfectly clear. I believe I am not alone in this attitude, and I hope that many Members, when a vote is taken upon the introduction of this Bill—because certainly a vote will be taken, as far as I believe, on the First Reading—will vote against it. I certainly hope to vote against it. I hope many others will follow in this Debate who possibly will put the case better than I do of the dishonesty of being a party to the production of a Bill which proposes to alter the franchise but does not make provision for women.

I do not think I should serve the cause I have at heart by speaking at great length upon this question of women's suffrage. Many of us are surely now agreed and well convinced of its advantage. Surely the basis of the franchise should be the mind. You want the opinion of the people. You want to have representative Governments, and to have the opinion of men, and I hope equally of women, as to how you should carry on the government of the country. This Bill, by ignoring women, treats women as inferior beings. [HON. MEMBERS: "No, no."] Hon. Members say "No, no"—but there is no getting over the fact that if you bring in a measure for the extension of the franchise and cut women out of it you treat women as inferior creatures. You do not even recognise their mental powers, even in limited numbers, because you make no provision in your Bill for any women. You are in favour of extending the franchise to a considerable number of men; but you do not yet see that the time has arrived to admit an equal number of women. We men are all agreed that to be perfectly consistent and honest that, if you cut women out of the Bill you obviously—and I think it is clear to any one—treat women as inferior creatures, and do not regard it as many Members of the Government have said, as an advantage to have women enjoy the franchise in this country. I have said the basis of the franchise is mind, and therefore believing that, and as I have no doubt many other hon. Members believe, that there are many women of great mind and mental capacity and activity, it surely is of great advantage to bring additional strength and

intellect into our councils and into our politics by giving women the right to vote. In a State, if you have not an autocrat with all the virtues and the intellect, the only thing is to advance and widen the area of your electoral franchise, and to bring in all classes of the community, men and women, so that you may have real representative Government, representative of the whole community, and not half of the community or one section. No one could deny that in bringing women into the Bill we would not be assisting and steadying our policy. You are denying yourself the opportunity of getting within the Constitution a great reserve of strength and intellect and mind. This is not an Amendment that we should throw like a sop to Cerberus meant to end in nothing in order to keep women quiet and quiescent.

I believe we should welcome this question of the vote which women are willing to take, and that we should go out into the highways and byways and rejoice that women are willing to come in and help us. We are all interested and fascinated with political affairs, but I have no doubt I express the views of many Members when I say that we get tired and a little bored with the monotony of the proceedings of the House of Commons, and that politics sometimes try us a good deal. Men sometimes get tired of politics. If there were women willing to vote and help to express opinion, and to help in electoral work in the constituencies, surely that is a thing not to be sorry for but to welcome? Any one willing to take a hand in politics or in electoral contests ought to be welcomed, and I am sure we certainly always do

welcome women if they are likely to help us in getting into this House, which seems to be the ambition of so many of us. I do not think it necessarily follows that women, if they had the vote, would wish to sit in this House. At any rate, they would have to be elected to this House, and I very much doubt whether women, when they get the vote, and men equally, will elect women to this House as long as there are men prepared to come forward and serve and attend and go through the arduous work and labour entailed by Membership of this House. It is absurd to suppose that, because women have the power of expressing their views through the vote, that they will necessarily wish to come into this House. That is a matter upon which I do not express any opinion for or against. It is a matter to be settled by the electorate. The point I wish to emphasise is we are anxious to get the mind of the electorate, that women have a mind and intellect of a high order, and will be of immense service through the influence of their votes. I am sure I express the opinion of many Members here when I say that, on moral questions and questions of purity, women possess a higher standard than men on these questions. There are questions on the industries, factories, social questions and many other questions which affect a great Empire where women exercising the vote must be of immense service to the Empire. It is moral strength that strengthens nations and empires. Deny that moral strength and you cut away the whole superstructure and undermine the foundations upon which your Empire is built. We are foolish to deny ourselves this

great addition to our strength and to our political power.

I have said sufficient to give proof of the faith that is in me with regard to the immense advantage it would be to add women to our electorate. It is no new theory, this addition of women. Students of history must know that, even in the days of Plato, it was proposed that women should take part in expressing their opinions and voting for the various officers of the legislatures of that period. I, for my part, regret that this country has taken so long to find out what an immense advantage and good it would be if we could get women to vote and take the interest which I believe we could get women to take in the affairs of the State. It is argued that where it has been brought into being women have not taken that interest when they had the vote, that they declined to exercise the vote or take part in the elections for which they got the vote. I do not think that is borne out by the facts of the case. I think in Australia and other countries where women have the vote they take a very considerable interest in the elections, and I think we have seen here at home that in municipal elections they vote and take considerable interest. But that does not affect the justice or the injustice of granting them the franchise. I think it was Mr. Gladstone who said, when the extension of the franchise to the agricultural labourers was proposed, it was not a question whether the agricultural labourer demanded it or not, but he ought to have it, and this responsibility ought to be thrown upon him. And it was thrown upon him. And I say this, that

women ought to bear a far greater share in the State and take a far greater interest in the government and should be compelled to face those responsibilities which should be laid upon them. They should feel those responsibilities, and they ought to take part in the responsibilities of government as citizens of this great Empire.

I submit this is not a question of granting the franchise because they demand it or not. It is a question that they ought to recognise the responsibilities thrown upon them, and they should be compelled to take an interest in the government of the realm. They are willing to bear these responsibilities, and we should try to get them in. I hope the hon. Members will support this attitude of opposing the introduction of this measure because of this great outstanding fact. There are many other points that might occur to hon. Members as a reason for opposing the introduction; I venture to suggest that if we allow ourselves to be diverted into the by-ways of lodger votes, questions of residence, and numbers of the male electorate, we will be, I believe, forced from the main issue and from this question which is before the country just now. Many hon. Members, probably with greater experience than I have, know the folly of lack of concentrating in political life. We should not allow our energies to be diverted, and the Government have been very wily. They have not been in office all these years for nothing; they are practical politicians, and it is for us again and again to bring back the Debates on this Bill to this point of women suffrage, because, if the Bill is carried, as it possibly may be, without

the inclusion of women, it will set back the question of the admission of women to the franchise for generations.

Those who believe in keeping this question before the House should bring back the House to the main issue, and that is the burning injustice of any Government, and particularly any Liberal Government, introducing in these days a Reform Bill without dealing with the question of women's enfranchisement, a question vitally affecting the future of this country and providing for that addition of women to the electorate which will add to the glory and future progress of this Empire.

CHAPTER VII

A PROSPECTIVE DEFICIT

DURING the years 1912 and 1913 there had been considerable stringency in the money market. Trade had been very active, and in every direction there was a demand for loanable capital. Foreign governments, and other large borrowers, who had attempted to float their loans found considerable difficulty in doing so. Underwriters of these loans in many instances being compelled to take up the stock because of the failure of the investing public to subscribe.

The Chancellor of the Exchequer in his Budget statement appeared to ignore this state of affairs, and did not seem to recognise the close connection which subsists between finance and a continued activity of trade. He was faced with a probable deficit of £7,500,000 in the current year. This he anticipated would disappear owing to an increase in revenue due to a further expansion of trade. My belief was that for the time being the top of the boom in trade had been about reached, and that Mr. Lloyd George was not justified in taking so sanguine a view of the situation, and on June 2nd, 1913, I endeavoured to prove this in the following speech. As events transpired the money position did not improve, and although the revenue of the country owing to various causes continued to increase for some time, there were evidences

in many directions that the views which I had ventured to express were being confirmed by the general situation throughout the world.

The hon. Gentleman (Mr. Hewins) has made a very interesting speech. He told us that such taxes as the Tea Tax absorb a big payment by the working classes, from which large sums of money are drawn, and then, in the latter part of his speech, he told us that he was a supporter of another fiscal system. We on this side are at a loss to understand how, in view of the argument he has advanced with respect to money coming out of the pockets of the working classes, he can reconcile his advocacy of the other system with that, because we believe that those who advocate a change in our fiscal policy contend that the foreigner pays the taxes.

MR. HEWINS : The Tea Duty.

MR. D. MASON : We have always believed that hon. Members opposite advance the argument that fiscal duties are paid by the foreigner. [An. HON. MEMBER : "Which duties ?"] All fiscal duties. [An HON. MEMBER : "No."] We have always contended that the consumer pays the duty. The hon. Member is quite right when he states that the duties take very large sums of money from the consumer. If he can show any duty which he would put on and which the foreigner would pay, we would be very glad to know of it. If he adheres to the contention which he stated in the early part of his speech that these duties take large sums of money from the working class, we cannot see how the putting on of fiscal duties would derive

revenue from the foreigner. Of course, the consumer pays the duty, and the important admission which the hon. Gentleman has made is one which we have made a note of. I would like to refer to the general discussion and to the previous Debate. On that occasion I ventured to ask the Chancellor of the Exchequer if he could show on what grounds, or state what authorities he could give, for his estimate that the prospective deficit of £7,500,000 would be made up by increased revenue in the current year, and the right hon. Gentleman the Member for East Worcestershire (Mr. Austen Chamberlain) agreed with that request on my part. I have seen nothing since to alter the opinion which I then ventured to express. It is true, of course, that since that discussion took place we have peace in the Balkan Peninsula. That point was referred to by the Chancellor of the Exchequer, and he anticipated that when peace took place we might expect a great development in that part of the world. Although we rejoice that peace has been brought about, and although on both sides of the House we congratulate the Government, and especially the Foreign Secretary, for the distinguished part they have played in bringing about peace, still I, for my part, cannot quite see that the establishment of peace there justifies the right hon. Gentleman in his sanguine estimate that we are going to derive immediate benefit from that part of the world.

THE CHANCELLOR OF THE EXCHEQUER (Mr. Lloyd George) indicated dissent.

MR. D. MASON : I think if the right hon. Gentleman refers to the speech he will find that I am correct.

MR. LLOYD GEORGE: On the contrary, my hon. Friend has misunderstood me. What I said was that undoubtedly the restoration of peace would go a very great length for the continuance of good trade, but I went further than that, and said that we would not derive benefit from those quarters. I meant generally throughout the world.

MR. D. MASON: I am glad of that interruption, because it still further confirms my contention that with the restoration of peace we might look, with the right hon. Gentleman, to a considerable drain upon the capital resources of the world to make good the tremendous loss and devastation which have taken place in those regions. I said then that if peace should occur we should have to look for added calls upon the capital resources of the world to make good the loss. The right hon. Gentleman has admitted that there has been considerable loss. It will mean a great drain upon the capital resources of the world. Many of those engaged in finance will confirm what I state when I say that we are suffering from great stringency in the money market. I then pointed out that that surely was a matter which should be considered by the Chancellor of the Exchequer in framing his Estimates, and that the probability was that loans would not be so easily subscribed this year as in former years. Many hon. Members will bear me out when I say that some of the recent loan issues have been failures in the sense that they have not been successfully floated on the money market. I think that all goes to show that the estimate that this £7,500,000 deficit will be made up in the current year

is too sanguine. I should like the right hon. Gentleman to be good enough to give us some of the authorities to which he referred, because I have been quite at a loss to find any authority to justify us in expecting such a prosperous time during the period we are now entering upon. Though I should be sorry to be correct in my estimate—I mean that I have no wish to be a prophet of evil—I must admit that I do not see what justification there is, with the evidence before us, for the estimate that you are going to get £7,500,000 by writing up Excise, Customs, and so forth, and arriving at the balance in that way.

We are at present, of course, engaged in a great and colossal trade. There is trade prosperity all over the world, and if that is to continue, and possibly expand, it will have to be financed. We are also aware that there has been an added call upon the resources of the world, not only by the restoration of peace and the making good of the devastation caused in the Balkan regions, but by the vast and increasing demand for loans. Capital in large amounts is now to be called for by Continental nations for the purposes of armaments. France proposes a loan of £40,000,000. Germany will follow suit, and Russia probably will come forward with increased demands. I do submit that these are considerations which we should bear in mind, because this is not merely a matter that affects our own national expenditure alone. We are affected, capital being a fluid matter, by the excessive demands on the part of Continental nations, and also by the excessive demands on the part of other countries. I should like to quote here

what a distinguished financier says in regard to this very matter. M. Neymerck says :—

“On every side Governments are acting as if war would break out to-morrow among the Great Powers and plunge Europe in blood and fire. . . . The tremendous sacrifices which nations are imposing on themselves to increase their military forces in time of peace will long weigh, it is to be feared, on the money market ; and a slackening up of economic activity may come on us without money rates going down much.”

I think that also confirms what I have stated. In view of those facts, we are not justified in estimating that the vast expansion of trade which has been going on during previous years is likely to continue. It is well known that vast trade depends, like the wheels of industry, on the oil which lubricates it. This extensive trade demands the free flow of capital, and where will you find any one who will state that there is a free flow of capital at present ? On the contrary, there is a great stringency of capital. That is not confined to this country. You find the same thing in France, Germany, and the United States. The other day a leading railroad in America went into the hands of the receiver. So far as I know it was a good railway, but it had a large amount of short term notes falling due, and the bankers were unable to renew them. That is only perhaps a straw, but it shows how the wind is blowing. It is an indication that the high rates now ruling for money are having their effect. Not long ago a first-class Power had to pay

6½ per cent. for temporary accommodation. That is rather an indication which points that we should take warning from what happened.

SIR F BANBURY : What Power ?

MR. D. MASON : It was Austria which, when borrowing for mobilisation, had to pay an amount equal to 6½ per cent. That shows how stringent capital is at the present time, and it surely should weigh with us. Having regard to that fact, we are not justified in assuming that the vast national revenue derived from expanding trade is likely to be carried on during this year. I hope, however, that this may be worthy of the consideration of the Chancellor of the Exchequer and the Government. I would like, if I may, at this stage to offer some remarks with regard to the position of the Secretary of State for Foreign Affairs (Sir Edward Grey). He enjoys a peculiar power at the present time. He has been successful in recreating the Concert of Europe. It is to the Concert of Europe, of course, that we must look for the cessation of what has been called this sterilising expenditure. It is only, I believe, through mutual reductions of armaments that we may hope for some cessation of this expenditure. I think the Chancellor of the Exchequer would go so far with me in this respect that, while not agreeing with my action in moving reductions, he would be happy to see reductions if there were no further necessity for the expenditure—if there was some mutual action taken by the great Powers of Europe to bring about some cessation in this really horrible expenditure. I do not suggest for a moment that we should abolish the British Navy or not have adequate defences, but we

have to cut our coat according to our cloth, and we have to remember that this is an international matter. The right hon. Gentleman has a unique opportunity. He has, I believe, the confidence of the Concert of Europe, and he can express in council with the Concert of Europe the wish of this House and other Houses in France, Germany, and throughout the world. We have, I believe, already responded to the proposals of the United States to take certain steps before there could be any possibility of dispute, and this, I believe, would be also responded to by other countries. But we want more. We want some practical step taken by the responsible Government in conjunction with the other Powers. I, for one, believe that the right hon. Gentleman the Foreign Secretary has the ability and the power to take some action along these lines. Apart from that, I would impress on the House and the Chancellor of the Exchequer that it behoves us to have regard to our financial reserve as well as to our national defence. We should not jeopardise our Budget or the possibility of balancing our accounts by assuming a sanguine estimate of the position which I do not think the facts entitle us to take. Therefore I hope that the Chancellor of the Exchequer will give some consideration to these proposals, and perhaps something may be done along the lines which I have ventured to suggest by the Secretary for Foreign Affairs to bring about the happy consummation which we desire.

CHAPTER VIII

AN ABNORMAL SUPPLEMENTARY ESTIMATE

ON March 2nd, 1914, Mr. Churchill, who was then at the Admiralty, came down to the House of Commons and proposed a Supplementary Estimate of £2,500,000 for the purposes of the Navy. The exceptional amount asked for in the form of a Supplementary Estimate, and the waste of public money at such a time, aroused considerable opposition, and a debate took place in which I contributed the following speech.

It may be stated that Mr. Churchill in his speech in which he proposed this exceptionally large and most unusual Estimate, offered no explanation or justification for such a proceeding. The effect could only be to increase the suspicion, and provoke still further the estrangement which was growing up between this country and Germany, and which sooner or later was bound to lead to war.

I beg to move to reduce the Vote by £100.

I move this reduction as a protest for two reasons. First of all, because of the enormous waste of public money ; and, secondly, for the reason suggested by my hon. Friend the Member for Dumfriesshire (Mr. Molteno)—namely, the unconstitutional character of this Supplementary Estimate ; that is to say, in my humble judg-

ment, it is not in accordance with procedure that so large a sum should be overspent without the sanction of Parliament. It has been ruled from the Chair in answer to a question that, while Supplementary Estimates are in order, the amount ought to be decided by the House. Of course, I recognise that some Supplementary Estimates should be introduced, but to introduce one representing such a large amount as $2\frac{1}{2}$ millions, whatever our opinion as to the amount that should be spent upon the Navy, is not, I think, in accordance with the procedure of this House. I think, therefore, many hon. Members may support me in the Division Lobby while perhaps not agreeing with my views upon expenditure generally, and upon policy which, of course, we have been debarred from enlarging upon to-night, but they may agree with me because of the present course being unconstitutional and not in accordance with the procedure of this House. The hon. Member for Fareham (Mr. Lee) made a remark which I venture to think will not find an echo in the breast of his colleague the right hon. Gentleman the Member for East Worcestershire (Mr. Austen Chamberlain), and it was this: In relation to our finance, he said that the system of surrendering balances to the Treasury at the end of the year was an absurd system, and that it was the cause of the Supplementary Estimates. If that represents the views of the great Conservative Party, I must say I am at a loss to understand how former speeches made by men such as Sir Robert Peel and Mr. Pitt and Sir Michael Hicks-Beach, and the right hon. Gentleman the Member for East Worcester can be justified. One

listened with amazement to the statement made by the hon. Gentleman, who was put up as the spokesman of his party, and who commences his speech with a statement such as that to which I refer.

I pass from that to the speech of the right hon. Gentleman the First Lord of the Admiralty (Mr. Churchill). Many of us on this side of the House have listened with great pleasure to the masterly way in which the right hon. Gentleman goes into details in regard to technique and the mechanical arrangements connected with his Department. But we do believe that whilst he may and undoubtedly does delight this House with his knowledge of technique, and flights of fancy—and we are all interested in his real flights also; but we respectfully suggest to him that it would be more in accordance with the responsibilities of the First Lord if he cut short some of these latter flights, because we have some regard for his personal safety and for his position as First Lord—I say that, while we admire and listen with pleasure and delight to his knowledge of the mechanism of his Department, we fail to follow him when he tries to reconcile his Department with finance. He offered three main reasons as an apology for this Supplementary Estimate. I think his speech may be happily described as an apologia. I doubt if he felt very happy in that position, or that he felt certain he was making out a very complete case. He gave three main reasons for this Estimate. The first was the execution of contracts, the second was details with regard to airships, and the third was increase of the wages of the men. It was well pointed out by my hon. Friend the Member for Dumfriesshire, that

the right hon. Gentleman, in his arguments, made no case or justification for this expenditure. The only check we have upon expenditure is that of voting against these Estimates when they come before this House. It is beside the question to say that this is part of some programme the right hon. Gentleman may have adumbrated or enlarged upon in this House, and which got a certain amount of support at a certain particular period in its career. Surely policy governs expenditure, and if this House six months ago, or a year ago or eighteen months, gave some support to some speech outlining some construction with regard to this year and next, that does not commit the House to a course of expenditure that might be involved in the total construction programme! We only vote! we cannot in the nature of things be expected to know the prices of materiel, the various prices of destroyers, cruisers, and battle-ships. Most of us look at what is the amount of money we are asked to vote, and if we subscribe to that amount, we recognise, representing the taxpayers, that this House and those who we represent, are liable for that amount and for that amount alone. If there has been overspending, as undoubtedly there has been, and it is admitted by the right hon. Gentleman in this particular Estimate, I submit it might have been foreseen at the end of last Session, and powers might have been asked from Parliament to justify that over-expenditure. But to ask us now, within a few weeks of the end of the financial year, to give the right hon. Gentleman, in a Supplementary Estimate, an indemnity for the money expended, is,

I submit, entirely illegal and unconstitutional. I propose to give one or two quotations in proof of that statement. There are various authorities. There is one who is well known to many hon. Members of this House. According to Joseph Redlich and Sir Courtenay Ilbert :—

“British finance may be said to have commenced from the year 1688. The National Debt, the rise of the Bank of England, the annual treatment of finance by the House of Commons, all date from about that epoch.”

Since then the battle has ebbed and flowed, but I think it is admitted that we believe we have supreme control of finance. They held that—

“it was necessary to gain for the Commons full and unrestricted control over the destination of the money spent to enable Parliament to check its application, and to see that expenditure corresponds to the grants made.”

Sir Erskine May distinctly lays down that the money voted by this House is under the control of this House, and any amount exceeding that is beyond the jurisdiction of the Government of the day to spend. Let me quote the particular passage to which I refer. Sir Erskine May says :—

“The most important power vested in any branch of the legislation is the right of imposing taxes upon the people and of voting money for the exigencies of the public service. The exercise of this right by the

Commons is practically a law for the annual meeting of Parliament for redress of grievances ; and it may also be said to give to the Commons the chief authority in the State."

That lays down very distinctly that the House has supreme control in governing the expenditure of public money, and, should that amount be exceeded by the Government of the day, or should they anticipate that they are going to exceed it, they have to come before this House again for authority to engage upon or indulge in this expenditure. If the Government were unable to foresee this at the end of the March Session, they were bound, before involving us in such an amount as £2,500,000, even to go to the extreme measure of calling Parliament together to authorise them to engage upon this expenditure before engaging upon it. What is the use of us debating this question now ? Hon. Members may make interesting speeches and enlarge upon this question, but we all know that, to all intents and purposes, the discussion is merely academic and absolutely futile, and we are asked by an autocratic Government to endorse and indemnify them in expenditure to which they never asked us to agree. The Government put us off with such statements that the first Lord of the Admiralty has made to-day, in which he says this expenditure was advised by his expert advisers, who may be right or wrong. Because Lord Fisher thinks that the price of oil is going to rise, this precious Government engages in a speculation in oil, and they think they are justified in using public money to the

extent of £500,000 for the purchase of oil. This is entirely unconstitutional, and there is no justification either in precedent or Parliamentary procedure to justify it.

I have given a few examples, and there are many more which I could quote. The hon. Member for Dumfriesshire quoted Mr. Gladstone, and I have quoted others, including Sir Erskine May. Any hon. Member may prove for himself that this action of the Government is both unconstitutional and illegal. Hon. Members opposite may differ with us upon questions as to what amount should or should not be spent upon armaments ; but if they would only take the trouble to look into this question they would see that they have a great opportunity, if they are really anxious to supplant this Government. Why do hon. Gentlemen opposite not study these questions for themselves, instead of leaving it to individuals like myself to call attention to this unconstitutional procedure ? If they want to achieve the object they have in view, here is the opportunity. Instead of that, you hear speeches from hon. Members opposite who attack this question as a matter of policy. The speech made by the hon. Member for Gravesend (Sir G. Parker) was, according to the ruling of the Chair, quite out of order as far as it related to Germany ; but here is an opportunity for the hon. Member for Gravesend to attack the Government on the ground of their action being unconstitutional. I ask hon. Members opposite, if they do not believe my quotations, to take the authorities I have quoted and study for themselves. Here they have an opportunity of maintaining the

constitution of this country, Parliamentary precedents, and traditions, and they have ample evidence to make out a very strong case which would get support from hon. Members on the Ministerial side, and would receive the solid support of the Labour Party. [HON. MEMBERS: "No."] When a Division is taken I do not think it will be found that the Labour Party will support the Government in this matter. I have no authority to speak for them, and they are well able to speak for themselves, but I cannot believe, after the speech of the Leader of the Labour Party, that they will support these Supplementary Naval Estimates.

SIR A. MARKHAM: When Labour Members represent constituencies where they make armaments they always vote in favour of these Estimates.

MR. D. MASON: I do not think the hon. Baronet who has interrupted is quite qualified to speak for the Labour Party on this matter. I pass from that to one other Resolution which was passed by the House itself. I have submitted to the House quotations from Sir Courtenay Ilbert and Sir Erskine May, and now I should like to submit a Resolution passed by this House in reference to this very point. The House of Commons registered its permanent disapproval of these Departmental excesses on March 30th, 1849, when the following Resolution was passed:—

“When a certain amount of expenditure for a particular service has been determined upon by Parliament it is the bounden duty of the Department, which has that service under its charge and control, to take care that the expenditure does not exceed the amount placed at its disposal for that purpose.”

There you have a Resolution passed by this House which again confirms my argument that the Government have no right to come here within a few weeks of the end of the financial year, to ask for a Supplementary Estimate to indemnify them for money already spent. The Government did not ask for a Supplementary Estimate at the end of last Session. Had they done that and asked this House for £2,500,000, it would have been in order. We might not have voted it for other reasons, but we should not have had such strong grounds for protest as we have now. This Estimate is an affront to Parliament, and the destruction of our powers. Surely our principal power is control over finance; surely to allow this Estimate to be pitchforked through a few weeks before the end of the financial year, and to indemnify the Government for an expenditure which they have not asked us to authorise, is to reduce Parliamentary control to a farce, no matter what party you may belong to! We are not even asked for our opinion upon this Estimate, and we are simply asked to give the Government an indemnity. They have spent the money, and we cannot recall it. Under any circumstances it has to be settled, but if we were to refuse to vote this money it would give the Government a sharp reproof for their financial irregularities, and other ways would be found of paying the debts which have been incurred. I ask hon. Members, before they agree to this Supplementary Estimate, to weigh well the Resolution passed by this House, and to consider the authority of Sir Erskine May on this point, for he is recognised on all sides of the House as a great

authority on Parliamentary procedure, before agreeing to so irregular a proceeding. There is another quotation I should like to place before the Committee, and it is really the crux of this matter; it is the question whether the Government are entitled to come before us and ask for so large an amount as £2,500,000, which has already been spent. On this point Sir Erskine May held :—

“The House of Commons appoints at the commencement of every Session the Standing Committee on Public Accounts for the examination of the accounts showing the Appropriations of the sums granted by Parliament to meet the public expenditure.”

Sir Erskine May goes on to say :—

“The Committee scrutinises the causes which have led to any excesses over Parliamentary Grants, and the application of savings on the Grants made to the Naval and Military Departments. The researches made by the Committee and the publication of their Reports ensure on behalf of the House of Commons an effective examination of the public accounts.”

I should like to ask whether this Estimate has been submitted to the Public Accounts Committee?

THE PARLIAMENTARY SECRETARY TO THE ADMIRALTY (Dr. Macnamara): It cannot have been submitted to that Committee yet, but it will be submitted in due course.

MR. MASON: That is like locking the stable door after the horse has been stolen. I submit that we are entitled to have that Report before we are asked

to indemnify the Government for money which has already been spent. The whole of this procedure reverses the financial practice of this House. The idea of a Supplementary Estimate is something which we anticipate will be spent at some future date, and the very name suggests that.

DR. MACNAMARA : Hear, hear.

MR. MASON : I think that shows the absurdity of asking us to pass a Supplementary Estimate, which is not an Estimate at all, because the money has been spent. The Parliamentary Secretary to the Admiralty does not seem to appreciate that point, and when he approves of that procedure I think he only shows his incapacity for the position which he adorns. To ask for an Estimate for money which the Admiralty has already spent is reducing the financial control of this House to an absurdity. I have already said enough to show that Estimates are to be put forward for sums which it is anticipated will be required, and that we are entitled in this House to have them submitted to us first for our opinion. I shall be told, of course, that while many may possibly agree with me, they will not support me in the Lobby because it may jeopardise Home Rule. One has heard that argument so often that he begins to weary of it. It has been admitted in the many Debates we have had in this House, and the Home Rule question has been debated *ad nauseam*, that as between the two parties in the State the principle of self-government has been conceded. The Leader of the Opposition has said—

THE CHAIRMAN : How does that arise on this Vote ?

MR. MASON : I was just trying to show how it was

relevant to the argument I have in view in order to get as many as possible to oppose this Vote; but, of course, I bow to your ruling. I was going to try to demonstrate that the Home Rule question would not be jeopardised by an adverse vote on this subject. It is most unfortunate that we cannot get a free vote on a question of this sort. We are unquestionably hampered in coming to a right decision with regard to it, because of some other thing which may or may not come to pass. I believe that we could give a free vote, and that these other causes would not be jeopardised. There are certain items for surpluses. The first appears in Vote 8. There is a surplus there of £350,000. In Section III. there is a surplus of £216,000, and on Vote 9 there is a surplus of some £630,000 odd, which, I think I am accurate in stating, has been spent in addition to £2,500,000. This amount of £2,500,000 is unquestionably over and above those other items. We know that the Naval and Military Departments have a right to transfer certain balances from one account to another, and we see from this Supplementary Estimate that there is a total there of something like £630,000 odd which they have used in addition to the £2,500,000. They have spent every shilling they possess, and yet, in spite of that, they have to come to us and confess and to make apologetic speeches and say that they have been forced into an expenditure of £2,500,000 in addition.

I submit that that is to affront this House. It is to reduce our Debates to a farce. This House, after all, has fought for the principle of the control of finance, which has been admitted and is eulogised by

men on both sides of the House as one of the greatest powers we possess. If, on this occasion, we allow ourselves to be persuaded to part with that great principle because, forsooth, some may think they want to spend more on the Navy and because others perhaps have other questions at the back of their minds which they are afraid will be jeopardised, we shall be doing something which we shall afterwards regret. Once we give away that power, and allow ourselves to be jockeyed, as we have been this year, and as we may be again, out of our just rights, it will not be so easy for us to recover them. This battle has been fought in the past, and it has been one of the most severe battles we have had to fight. If we allow our control of our finances to escape from us, we reduce ourselves to the position of mere automata, not having any opinions of our own, and not able to express them against an irregularity undermining, as I think, British finance, and we shall be sorry for it. I hope that hon. Members will rise above the mere exigencies of the moment and will enter a protest against this great irregularity.

CHAPTER IX

ABOLITION OF PLURAL VOTING

MR. ASQUITH'S Government was pledged to bring in a Bill for the abolition of Plural Voting, and on April 27th, 1914, the Bill came up for a second reading in the House of Commons. There had been some discussion, as to whether the reform of the franchise which was involved in this Bill should be supported, in view of the fact that the Bill did not contain any provision for the extension of the franchise to women. As the Bill did not propose to extend the franchise to men in any way, but rather to contract the franchise by the abolition of Plural Voting, I saw no difficulty or inconsistency in supporting it. I regarded Plural Voting as unjust and unsound in principle, and in the following speech endeavoured to give my reasons for holding this view !

The hon. Member who has just sat down has made an extraordinary speech. He has pointed out the possible danger arising from giving the vote to Civil servants, and has drawn the attention of the House to the great menace to the liberty of this House if the evil should ever come to pass. Apparently he is quite prepared to justify the railway interest, or the brewing interest, or the dockyard interest coming to this House. That was a contradiction in terms of the whole point of

his speech. I propose to pass from that to the speech of the hon. and learned Member Mr. Hume Williams, who moved the rejection of this Bill. He also, at considerable length, spoke of this Bill as being an attack upon interests. I ventured to interrupt and ask him if he meant that Members of Parliament should represent interests, and he said he certainly thought that Members of Parliament came here to represent interests. For example, he said that if a man owned a mill in one part of the country, and another mill in another part of the country, he ought to have two votes in order that those varied interests might be represented. The hon. Member for Hammersmith (Sir William Bull) was prepared to go further. With unblushing candour he defended the position of the plural voter, and compared the Parliamentary franchise with a joint stock company, and said that people ought to have votes according to their means. Apparently their qualification was to be the Income Tax assessment. That is a most extraordinary doctrine. Let us examine it. Supposing hon. Members came here to represent certain interests; it naturally means that they are to vote for those particular interests, and are to express their views in Debate, not on the merits of the question before the House, but from the point of view whether it adversely or favourably affected their particular interest. That, carried to its logical conclusion, is the argument of the hon. and learned Gentleman. Does he really mean that? Do hon. Members opposite really mean that the franchise should be based upon interest? Surely the basis of the franchise is the opinion which a person holds. The

franchise is intended to represent and give expression to the opinion of the people of this country, and not to the material interests of this country. I cannot believe the hon. and learned Member meant us to believe that we should discuss questions in this House, not from the point of view of what we think upon particular questions as to their justice or morality, but purely and simply from the point of view of regarding ourselves as representing certain interests and coming here to fight for them.

The hon. Member for Hammersmith put no limit to the number of votes which a citizen might have. He candidly and straightforwardly believed that the number of votes a man might have should not depend upon his ability to express an opinion, but should depend entirely upon his wealth. I do not suppose he actually believes that voting should depend upon wealth and the ability to purchase votes. That argument is really so absurd that it is hardly credible hon. Members should seriously put it forward. I hope the Government will proceed with this Bill. There has been an impression in certain quarters that there was some doubt as to whether the Government really meant to carry this Bill under the Parliament Act. It was some answer which the Prime Minister gave to a recent question, when he expressed the hope that the Government would be able to carry it, which gave rise to the doubt. There is no measure, even when you put this Bill alongside other great measures like the Home Rule Bill or the Welsh Church Bill, which would command a greater amount of enthusiasm and support among Liberal Members

than this one. [HON. MEMBERS: "Hear, hear!"] Hon. Members laugh scornfully. We admit that it will probably be for the benefit of the Liberal Party, but if the measure is a just one, and if it can be shown, as I think it can by argument, to be just, there is no reason why you should not defend it because it benefits the Liberal Party. All reforms in this country, in the nature of things—the emancipation of labour and municipal reform—tend rather to benefit the Liberal and Labour Parties than the Conservative Party.

MAJOR DALRYMPLE WHITE: Would you have brought it in, if it did not benefit the Liberal Party?

MR. D. MASON: I said that nearly all reforms in the nature of things which tend to widen the bounds of freedom and get rid of privilege—which in a sense has, as a rule, been defended by the Conservative Party—tend to advantage the Liberal and Labour Parties as against the Conservative Party. As a rule, the Conservative Party stands for the maintenance of the *status quo*, the defence of property, and for privilege. Hon. Members have admitted that this Bill gets rid of an anomaly, but they say, because we are not prepared to go further and bring in a large measure of Redistribution, that we should have nothing to do with this small reform. I think it was Buckle, in his *History of Civilisation*, who said that some of the greatest triumphs of legislation were the getting rid of bad legislation of the past. Getting rid of anomalies and privileges and breaking down any laws which are unjust in their essence is, perhaps, a triumph of legislation, as I believe this will be, which will re-

dound to the credit of the present Government as much as the other great Bills which are now before the House and the country. I rejoice that the Secretary for the Colonies has made it perfectly clear that the Government seriously mean to carry through this measure. We, on this side of the House, rejoice. It leaves me quite cold to hear the scornful laughter of hon. Members opposite when we are told it will benefit this particular party.

I pass now to some other remarks which were made by the hon. Member (Mr. Mackinder). He spoke of minority representation. He himself perhaps is the most eloquent example of minority representation in this House. He stands for one of the Divisions of Glasgow, which but for a split vote would probably not have sent him to adorn our Debates. When he speaks of minority representation, one cannot but feel that he is thinking possibly of his own case. I hope some hon. Member opposite will tell us what is really the policy of the party opposite. Do they wish to combine with the Leaders on this side of the House in a Bill for Redistribution, or do they not? Do they wish to couple that with this measure or do they not? Do they oppose this measure because they do not agree with it or because they see that it is a disadvantage to them? If they are in favour of Redistribution there is plenty of time. This Parliament may yet have from six to twelve months further life, and there is plenty of time if they are willing to take this question of Redistribution and join with the Government in a Bill. Hon. Members opposite complain of apathy on this side, but I do not see a

very great representation on their Front Bench, of their direct opposition to this anomaly, which many of them have admitted to be an anomaly. If it is so, why are we not to hear the views of some hon. Gentlemen as to whether they oppose this Bill on its merits alone or because it is not coupled with Redistribution? I have listened with very great interest and attention to their arguments, but I cannot find that there is any reason, logical or otherwise, why they should oppose this measure. The only real reason which I believe animates their opposition is not because they believe the Bill to be a bad Bill or an unsound Bill, not because they believe it is not an anomaly, but because they see in it one more defence of their privileges being shattered to the ground.

CHAPTER X

RISE IN PRICES

THE continuous rise in the prices of commodities which had been going on since the outbreak of war on August 4th, 1914 created a considerable amount of unrest, particularly among the poorer classes of the community. This feeling became very prevalent, and eventually culminated in Mr. Ferens putting down a motion on the order paper of the House of Commons to the following effect. "That this House regrets the rise in the price of the necessaries of life, and calls upon the Government to use every endeavour to prevent a continuance of this unfortunate consequence of war which is causing much hardship especially to the poor." The Prime Minister (Mr. Asquith) took part in the debate which took place on February 11th, 1915, and dealt in detail with the various causes which had contributed towards this result; but, in common with all those who participated, he entirely omitted to recognise one cause which I believe contributed very substantially in bringing about the rise, *i.e.* the issue of Treasury Currency Notes.

Mr. Hewins, who preceded me in the debate, was inclined to suggest Tariff Reform as a remedy, but was rather vague in his suggestions, and certainly avoided being too definite in his statements. In the speech which is furnished herewith, I endeavoured

to survey the whole field, and to emphasise the effect, which the large issue of Government paper money by all the belligerents had had upon the prices of commodities !

THE hon. Member rather piqued our curiosity as to what action he would suggest the Government ought to take. He evidently was on the brink of suggesting some action, but I am unable to offer any criticism or observation on his proposals, whatever they were. I therefore pass from his remarks to the speeches of the Prime Minister and the Leader of the Opposition. The Prime Minister gave us a very interesting survey of most of the causes which have led to this rise in prices. I have listened to most of the speeches which have been delivered, and I think I may state that the underlying problem in all those speeches was, what is the particular cause which has brought about this rather extraordinary rise of prices. Most of the speakers, and the Prime Minister himself, referred to the War, of course, as perhaps the principal cause by withdrawing large masses of men from tilling the soil and from industry. Then a great deal of attention is being given to freights and to transport. The Prime Minister's conclusion was that the rise in wheat was due to a shortage of supply. I think it has been demonstrated by other speakers that there is not a shortage of supply, and we well know that the United States this year has had a record crop of wheat. It is quite true that we have not got a crop from Australia, but Australia has never played any very great part in the supply of wheat to this country. It is

quite true that we have not had Russia, and also, so far, we have not had much from Argentina, but the Leader of the Opposition very aptly pointed out that with regard to the question of freights and the shortage of ships, he had proof to show that actually ships were being laid up, so that although we knew that there has been a great rise in freight, as there has been a rise in most commodities, as far as I have been able to follow, the difficulty has been to arrive at what particular cause it is that has brought this about, and we are, so to speak, still groping after this principle or underlying cause.

Some reference has been made to speculation, and no doubt syndicates and large capitalists affect the price of commodities, but I think they take advantage of conditions ; they do not create conditions. I have given a considerable amount of study to this subject, and I offer this suggestion to the Government. I think there is one cause which has not so far been referred to, and which has had perhaps more influence than any other contributing cause in bringing about this abnormal rise in prices. We know, of course, that, all things being equal, there is still some other cause which affects prices outside, as it were, the law of supply and demand, and that is the state of your currency. Since the War commenced, any one who chooses to give any attention to this subject will find that there has been an abnormal increase in the supply of currency by belligerents and by other countries. The figures are astounding. We find, for example, that in Great Britain alone, on January 14th, a year ago, the Bank of England notes outstanding

were £28,500,000. On January 14th of this year they had increased to £35,000,000, and, in addition, we know there was that abnormal issue of Treasury notes amounting also to £35,829,696, giving a total of paper-money outstanding of something like £71,000,000, as against £28,000,000 a year ago. That, I think, is a most extraordinary and a most significant fact. Surely it must be apparent that, if all things are equal, to give to a country an increase of something like £43,000,000 of paper money something must happen. Of course, you will depreciate the currency, and therefore prices must rise. If you depreciate your currency, commodities must command a greater amount of currency, and therefore prices must rise.

If we turn to Germany we find that, a year ago, her currency was £115,000,000. In January last she had increased her paper money to £239,000,000—an increase of £124,000,000. It staggers one if you take the trouble to look into these figures and see the enormous difference in the amount of paper-money circulating in Germany, in our own country, and in other belligerent States. It is very difficult to get particulars for France, because the Bank of France has now stopped publishing statements. There was a statement published on December 10th last which showed that the Bank of France issued £176,000,000 on a metal base, or 4,500,000,000 francs. The note issue, formerly 5,800,000,000, expanded to nearly ten thousand millions. That demonstrates, surely, that something very abnormal has happened since the War commenced, and, if you have this increase in the currency, and the currency as a result is depreciated, it

must follow that prices will rise. If you have an abnormal supply of wheat, perhaps more in proportion than the excess of your currency, then possibly you might not have the same proportionate rise in that or the same proportionate rise in timber, iron, steel, and other commodities. I hope I have sufficiently proved that this is certainly one cause, if not the most important cause, of this abnormal rise in prices.

This applies not only to belligerent countries. If we turn to the United States of America we find that there, on January 9th this year, the emergency circulation outstanding is reported by the controller of currency as amounting to 126,039,000 dollars. Then I think that in recent years there has been a new Act of a very important and far-reaching character passed by the United States Government with reference to their currency. I think it is well worthy of the attention of those interested in prices. It has already had considerable effect on values in America and other parts of the world. This Act provides for groups of banks throughout the country under a federal reserve board. These banks have power under the new Act of obtaining United States notes, which can be issued against commercial bills. These are not bank-notes, but United States notes, and it is very important to bear that in mind, because while bank-notes may ebb and flow according to the demand, as it were—according to their credit expanding or contracting—there is very little likelihood of Government notes contracting to the same extent, and that is why there is great danger in any Government, our own included, issuing

Government notes. There is not the same law affecting them as the notes of a bank, because if there was any feeling of lack of security, and if the note is a bank-note, then people naturally present the note at the bank for repayment. But no one is likely to doubt the credit of the British Government or the United States Government. Hence the danger of Government paper being pumped into the currency of a country. We shall probably have a statement from the Chancellor of the Exchequer as to a financial transaction put through with the Russian Government. There was a credit established recently and advanced by the American bankers to the Russian Government of something like £25,000,000. This advance was made on short-term drafts, and these may again be discounted by the reserve banks and they may obtain Government currency against this obligation, and that goes to increase the paper-money to which I have referred.

I think I have dwelt sufficiently on that to show, more particularly with regard to ourselves, Germany, and France, what an enormous increase there has been in this paper-money. In fact, in France one instance has been brought to my notice which shows the straits the country districts there are put to for obtaining this accommodation, and that is that Chambers of Commerce may issue notes, and it is interesting to us to know, because, when talking of prices, our own prices are not only governed by conditions here, but by conditions all over the world. Even if you have Germany making excessive issues of paper, as she is doing now, we may rejoice in it from one point of view,

because we think that it indicates a state of collapse ; but, as she is dealing with neutrals with whom we have financial relations, anything that affects them affects the value of commodities we buy from them. I believe that these currencies are having their effect, and will continue to have their effect on prices. While I agree with a great deal the Prime Minister said, I cannot follow him, unless something very extraordinary happens before June in the case of an increased supply of wheat or other commodities, that there will be a fall in prices. I do not think he is justified in what he said so long as this abnormal inflation continues to affect prices. It may be asked what are the remedies for this state of affairs ? Is there no way in which we can relieve the present situation caused by this abnormal amount of paper ? There are only two so far as I can see. The first is to pursue the war with the utmost vigour, so as to bring it to an honourable conclusion as soon as possible. The other is to practise economy in every department of Government administration and redeem this outstanding paper as quickly as we can. I have already shown that, according to the *London Gazette*, there are some £30,000,000 odd outstanding at the present time, and I therefore suggest that, if we wish to produce any considerable effect, that is one method by which we might relieve this position which is forcing up the prices of so many commodities.

There is another remedy which might be worth the consideration of the Government. It has reference to the recent Treasury Regulations, the object of which was to what is called husband our resources

here in London. What are our resources? What are the resources of the London Money Market? Our resources consist in vast investments of capital in all parts of the world. If we have great investments of capital in India, the Argentine, China, Canada, and so forth, is it wise suddenly to button up our pocket and say, "We will refuse to finance any longer those great investments which we have already made in all these various parts of the world"? While one can understand the disposition to practise economy and not indulge in wild speculation, yet a certain amount of elasticity might be advisable with regard to these regulations. The other day an operation with regard to the Argentine which might have come to this country went to the United States. That is another point worth considering—that the operations going past our market may not always be taken up by other markets, and that we may lose by the depreciation of these very investments which are really our resources. The vast resources of our great insurance companies are not entirely held in this country. They consist of investments in many parts of the world. Therefore it seems to me that a certain amount of elasticity is wise in not carrying out these regulations in the drastic manner which at first was outlined by the Treasury. Even with regard to the rise in the prices of food it might be thought wise to allow certain operations to be carried out with regard to railways in the Argentine. There have already been great investments of capital there, and, if it were thought advisable that certain of these railways should continue to be financed by the bankers here in London, that

would also help to increase the supply of wheat here in London by opening up an increased wheat area and increasing the supply of wheat, to which the Prime Minister has referred as being short. These are the only remedies of which I can think. The Prime Minister has invited suggestions from Members of the House. I submit those suggestions to him, and in conclusion wish to emphasise the belief that the abnormal situation through which we are at present passing, largely as a consequence of the war, with its inflation of prices, is due in a large measure to the cause to which I have referred, namely, the excessive inflation of our currency by those emissions of note issues both here and also by the other belligerents, and in other countries.

CHAPTER XI

THE FOUR AND A HALF PER CENT. WAR LOAN

WHEN the floating debt of this country which consisted of £235,000,000—in Treasury Bills and £45,500,000—in Treasury Currency Notes began to assume such large figures, it appeared to many authorities that the time had arrived for the issue of a second long term war loan.

On June 21st, 1915 the Chancellor of the Exchequer (Mr. McKenna) introduced his proposals in the form of a War Loan Resolution. He pointed out that our total of short term borrowings amounted to £283,000,000—but he forgot to include the above mentioned £45,500,000—of Treasury Currency Notes which would make the correct total £328,500,000. The Chancellor very properly pointed out as a justification for issuing the loan at $4\frac{1}{2}$ per cent. that the first War loan which bore interest at $3\frac{1}{2}$ per cent. was now standing at a price which would return the investor about $4\frac{1}{2}$ per cent. on his investment. In view of this fact and also that Consols had equally fallen in capital value, he felt justified in offering to the holders of these securities, the right to convert their holdings into the new $4\frac{1}{2}$ per cent. War Loan. His argument being that “this country will never leave its creditors in the lurch.”

This extraordinary doctrine appeared to me to mean, “never mind the cost to the tax-payer, but at

all costs save the bond-holder from any loss." I quite agree that a Government when raising loans, must have regard to the conditions of the money market at the time, and must of course consider what is right and due to its creditors, but to ignore the cost to the tax-payer for whom the Government of the day is a trustee, seemed to me to be both unjust and unsound. I expressed these views in the speech which is given herewith.

I listened with great interest to the hon. Member who has just sat down. When I heard his proposal to place our Loans at this high rate of interest free of income tax, I began to wonder whether we were here representing the tax-payers' interest or some other interest. The speech of the right hon. Gentleman the Chancellor of the Exchequer, on which I congratulate him because of its lucidity, seemed to lend itself to the same suspicion. I do feel that we are here surely on behalf of the tax-payers, and I would ask, as many speakers have already asked, where is the proposal for taxation as against the proposal to borrow these large amounts? One listened to the Chancellor of the Exchequer with great interest on the proposal generally, but I share with other speakers the feeling of disappointment that, so far, the proposals of the Government with regard to the increased taxation which is necessary are in the air. Look for a moment at the financial position, which has already been referred to by my right hon. Friend the Member for Islington (Mr. Lough) and others, and by my hon. Friend the Member for Windsor (Mr. James Mason), who was, I think, the first to refer to it, when he

asked that more attention should be given to this question of the necessity for increased taxation. Examine for a moment the financial position. Assuming that this war runs for a year, we should have an expenditure of £1,136,000,000, as estimated by the late Chancellor of the Exchequer. To meet that we are only raising by taxation something like £267,000,000. We are asked now, not to consider any further taxation with regard to taxation, but practically we are asked to give a blank cheque to the Government for an unlimited Loan, or for unlimited powers of borrowing. The hon. Baronet the Member for the City of London drew attention to that point, and I think that it is due to the House of Commons that the Chancellor of the Exchequer, in his reply, should make the matter a little clearer than he has already done.

When one considers the conversion, the giving of this addition to the existing Consol holders, the existing Crown annuity holders, the holders of the old Loan, and the raising of this fresh money at $4\frac{1}{2}$ per cent., one is appalled at the proposal. Why should it be necessary to give any such rights to the existing Consol holder, or the holder of old Loans, when he came into the contract with his eyes open? The right hon. Gentleman the Chancellor of the Exchequer says that we have a duty to perform to our creditors, but have we not also a duty to perform to the taxpayer? Does not the tax-payer look to the Government of the day to finance this Loan to the best of their ability—that is to say, with as small a charge as possible on the tax-payer, having regard to the exigencies of the situation, and the state of the money

market at the time? The right hon. Gentleman's proposal, that we are to give them these powers, and that these powers are all to be extended to further Loans that may be raised after this, is the most astounding proposal from a responsible Government that the mind of man can conceive. Talk of Germany! Germany in her most fatuous moments never made such a proposition. We, the House of Commons, are to be asked to give power to this Government to place these Loans, and to give all these rights, to previous holders of securities, and we are also to give powers by which, if they again come before the House for further money, the existing holders of securities will also be benefited in the same way. It seems the most monstrous proposal that was ever put before any assembly of sensible men.

I hope that I shall not be accused of using exaggerated language, but let us conceive for a moment, as serious men, the effect which this will have on all securities owned by the great insurance companies and banks of this country. If you play ducks and drakes with British credit, give unlimited power to issue securities on a $4\frac{1}{2}$ per cent. basis, and allow everybody to convert existing Consols and the old Loans, does not the right hon. Gentleman think, and does not the Government know, that if you depreciate in this manner the vast mass of securities, by this high rate of interest, you will depreciate all other securities? The hon. Baronet the Member for the City of London nods his head. He understands finance; he understands what that means, not only for the City of London, but for the whole country. It seems to me

quite unnecessary. If there is fresh capital available, the capital would be available at a rate of interest. Why, then, disturb the existing contracts which have already been placed, and which you maintain, by continuing to pay the existing rate of interest? Why, then, bring in these people and enable them to obtain this higher rate of interest, and thereby, as I submit, tend to depreciate unduly all the existing resources of our banks and joint stock companies, from which eventually we have to pay for this war? There seems to me to be no justification for this. The right hon. Gentleman has made out no case for it, and for the life of me I cannot see why we should be asked to agree to any such proposal.

May I, in confirmation of the argument that a far greater amount of this demand for capital cost should come from taxation, just read a short extract from an illustrious predecessor of the right hon. Gentleman, Mr. Gladstone. He held, I think, and rightly held, that in finance it was better, as he said, to call upon the tax-payer, rather than upon the provider of Loans. Writing of the Crimean War, he said :—

“The system of raising funds necessary for wars, practises wholesale, systematic, and continual deception upon the people. The people do not really know what they are doing. The consequences are adjourned into a far future.”

On August 11th, 1862, he goes a little more deeply into the subject and says :—

“The general question of loans *versus* taxes for war purposes is one of the utmost interest, but one that I

have never seen worked out in print ; but, assuming as data the established principles of our financial system, and by no means denying the necessity of Loans, I have not the least doubt that it is for the interest of labour, as opposed to capital, that as large a share as possible of war expenditure should be defrayed from taxes. When war breaks out, the wages of labour on the whole have a tendency to rise, and the labour of the country is well able to bear some augmentation of taxes. The sums added to public expenditure are likely at the outset, and for some time, to be larger than the sums which are drawn from commerce. When war ends, on the contrary, a great mass of persons are dismissed from public employment, and, flooding the labour market, reduce the rate of wages. But again, when war comes, it is quite certain that a large share of the war taxes will be laid upon property, and that in war property will bear a larger share of our total taxation than in peace. From this it seems to follow at once, that, up to the point at which endurance is practicable, payment by war taxes rather than by taxes in peace, is for the interest of the people at large."

I think that that is a very interesting statement, coming from such an illustrious quarter, and I do hope that our friends on the Labour Benches will appreciate what the Government are doing in coming forward with a proposal, after having one Loan of £350,000,000, that we should add something like another £1,000,000,000, while at the same time making no proposals for additional taxation. We had some intimation that they are considering taxation proposals, but we have not got them before us. We are now committing ourselves to an addition to the public

debt of this country of something like £1,000,000,000. We are, also, committing ourselves to an addition to the fixed charges on the revenue of this country, which it is impossible at the present moment to calculate, because we do not know how much will be converted, yet we know that there are something like £800,000,000 of Consols and £350,000,000 of the old Loan. The Consols bear something less than $2\frac{3}{4}$ per cent. interest and the old Loan $3\frac{1}{2}$ per cent. It is very easy for hon. Members to calculate the addition to the fixed charge of the country which weighs upon the taxpayer, and principally upon labour, because if you have this enormous funding operation, as Mr. Gladstone well pointed out, and place that charge upon the country now, the position is not altogether appreciated. We do not feel it at the moment. We think that by putting it on posterity we have created for the time being a position of affluence, a position of apparent prosperity; but, in my opinion, we shall be laying up for the future a terrible legacy of misery, particularly for the working classes of this country.

I would like to refer to one answer which the right hon. Gentleman made to a question which was asked him in reference to Treasury Bills, as to whether it forms part of the scheme to fund the existing Treasury Bills. I think that he stated that the existing amount of Treasury Bills was £235,000,000. After the very apt, lucid, and convincing way in which he told us that to go on increasing the floating debt, which now amounts to £235,000,000, is unsound, while pointing out very properly that the conditions might not be so favourable as they are to-day, and that

therefore it would be unwise to continue borrowing by keeping on the system of issuing Treasury Bills to all who come and ask for them, I was surprised, when some one on the opposite Benches asked the right hon. Gentleman whether he proposed to fund this floating debt, to hear him say that the funding of this £235,000,000 was not part of the scheme.

MR. MCKENNA: Treasury Bills may or may not be funded out of the money which is raised by this Loan. It is not part of this scheme, but it is quite open to the Government to fund them.

MR. MASON: I am very glad to have that interruption, because I do hope, after the very convincing way in which the Chancellor showed us how unsound it was to go on increasing this floating debt, that this will form part of the scheme. It is not very definite that it will do so, but it does not close the door, and certainly it might form part. To have this operation of leaving the floating debt lying on the market appears to me most unsound. Another point is why the rate of interest should have been increased to $4\frac{1}{2}$ per cent. Of course the Chancellor of the Exchequer will say that he did not think that he could obtain the money unless he increased the rate of interest. Reference has been made to the possibility of America taking part in this Loan, and the suggestion is made that the Loan should be offered in America free of income tax. It was suggested on the former occasion by the hon. Member for Greenock that it would be good to issue British Government securities in the United States. The hon. Gentleman forgot that the United States is a neutral country, and that they have already

definitely stated that they will not issue a Loan or allow a Loan to be issued over there ; but they will allow credits to be established in the United States provided you purchase certain things—munitions and so on. I understand that, as a neutral Power, they have refused to offer facilities to any belligerents to place Loans within the United States. One of the main reasons for raising the rate of interest so high as $4\frac{1}{2}$ per cent. is to attract, quite legitimately, American capital over here ; so that, while they will not allow a Loan to be issued in the United States, there is no reason why American capitalists should not come to this country and invest in a British Loan. I doubt whether there will be a great investment, but the reason for putting the rate of interest so high is with a view to getting American capital.

But there a very grave situation is caused with regard to the position of exchange, particularly in the United States of America. If this particular Loan is taken up to any considerable extent in the United States that, of course, will tend to bring about a more favourable exchange in this country. But there are other reasons why this unfavourable rate of exchange continues to be a cause of very great uneasiness in the City and in commercial circles. The excess of our imports over exports for ten months amounts to something like £267,000,000, and that is one of the problems which the Government have to face, and probably has entered into their mind in making the rate of interest so high as they have for this Loan. But, as I have said, there is another cause which is not touched upon, and which is undoubtedly affecting our credit,

and which I believe, in spite of considerable applications by America, will continue to operate, and that is the action of the Treasury in continuing to issue Treasury Currency Notes. The late Chancellor of the Exchequer has never met this point ; I do hope the present Chancellor of the Exchequer, who I believe deservedly has a reputation for financial ability and courage, will do so. Within the last two weeks there has been some drop, but I believe the previous issues have been half a million a week, and that the issues amount to something like $45\frac{1}{2}$ millions. I would point out that if you have some agency of the Government which is continually adding to the currency by the amount of half a million a week it must have some effect. On the previous occasion I suggested, but I hope I was able to prove my point, that it had the serious effect of affecting the price of commodities. It is, of course, well known to any one who has given any study to this question, that if you continually add to your currency, if you dilute the regular amount of the currency, existing commodities, as has been seen in the last eight or nine months, will continually rise in price.

It has been often argued that this action of the Treasury in issuing currency notes is not a bad thing, because they are easily convertible. I do not doubt their convertibility, and I know that the Treasury to-day holds something like $28\frac{1}{2}$ millions in gold and other securities against the issue, but the continuous issue of these notes has an effect upon the position of exchange. While the Government may think that the Loan, if taken up in America, will tend to bring

about a more favourable exchange, this action of the Treasury in continually issuing these Treasury Notes, will, I submit, more than offset any advantages which they may temporarily receive through applications for the Loan from America. Because the Bank of England are anxious to turn the exchange in our favour they pursue the policy, as they have done in the past, of trying to raise the rate of discount and trying to increase the value of money. But how can you increase the value of money by the continuous issue of Treasury Notes? On a previous occasion, when I raised the question, I quoted the statements of eminent authorities in support of what I say—the statement of a great French economist, and the statement of a distinguished Member of this House, Mr. Goschen—afterwards Lord Goschen—and I would ask the Chancellor of the Exchequer, if my humble words or my feeble arguments have no effect upon him, to refer to those well-known authorities——

SIR J. D. REES: They did not make those statements in war time; they did not speak in time of hostilities.

MR. MASON: On the contrary, Lord Goschen, in his book on *Foreign Exchanges*, alluded to the question of war. War does not change economic principles which prevail in war time as in peace, and if you defy economic laws in war time you double the danger and double the disadvantage. You cannot make millions grow on trees simply because it is war time, yet that is what we are endeavouring to do. We are endeavouring to carry on external trade, we are endeavouring to maintain London as the centre of Money

Markets of the world, and we have to pay for our imports in gold. I submit that in war time, as in any other times, we should be most careful of the delicate mechanism of foreign exchange. I speak in no spirit of hostility to the Government proposals; I am anxious to maintain British credit, but I believe this action of the Treasury is undermining it. I believe that this policy of the continuous issue of paper-money, if persisted in, will, in spite of American subscriptions to the Loan, affect our credit, and the last condition will be worse than the first. I trust that the Chancellor of the Exchequer will give this point, to which I have alluded, his consideration. I hope that the Government will reconsider some of those powers with regard to conversion. At this time I do not think criticism will be of much avail, as the right hon. Gentleman says the prospectus will be out this evening. All we can suggest, therefore, if it is not too late, is that those powers with regard to conversion, whereby a subscriber to this Loan would be again able as time went on to reconvert at 5 or 6 per cent., should be carefully considered. That seems to me quite unnecessary.

It does not appear that the subscriber demands it. The subscriber would subscribe partly from patriotic motives and partly because it was really good business. He would be content with his $3\frac{1}{2}$ or $4\frac{1}{2}$ per cent., and to give guarantees to subscribers of a high rate of interest at the expense of the taxpayer is really most unsound. We are here to do what we can for the taxpayers of the country rather than for great financiers and the banking interest. I do not believe

the banking interest itself or other great financial interests have brought pressure to bear upon the Government, but, if they have, surely the Government are here to represent the financial interests of the taxpayers, and do the best they can. I suggest to the right hon. Gentleman that he should, at the risk of perhaps being unpopular in the City, take a strong line with the City bankers and financiers. Let him take his courage in both hands, and let him found his proposals on the broad ground of patriotism and a proper and regular rate of interest, having regard to the state of the Money Market as it is to-day, rather than—as it would be impossible for him to do—to accommodate those financial interests in the City. I believe that the Loan will as a monetary transaction be a success, but I do hope that the right hon. Gentleman will be clearer as to the amount. No one likes to go into any proposal without knowing definitely the limit of what the Loan is going to be. I welcome the proposal which has been made to make the Loan possible for the small investor. I believe you will get far more interest taken in the proposal and a great deal more money from the people rather than from financial interests which frequently take it up with the object of again unloading it and reselling it at a profit to the people. If the right hon. Gentleman devotes an amount of attention to making the Loan popular and bringing it home to small investors the more likely he is to make it an assured success.

CHAPTER XII

TREASURY CURRENCY NOTES

AFTER the declaration of war between this country and Germany, a panic prevailed on the stock exchanges throughout the world, and credit almost disappeared. To meet this extraordinary situation, the British Treasury was empowered by Act of Parliament to issue, through the banks of this country, currency notes and certificates. This prompt action, in conjunction with other measures, for which Mr. Lloyd George and his advisers deserve the highest praise, had an immediate effect in allaying panic, and providing the banks with a credit instrument which was popular and acceptable to the public.

When Mr. Lloyd George, who was then Chancellor of the Exchequer, introduced the bill for this purpose, I asked him if steps would be taken to control the issue, and to provide for the eventual redemption of the notes. I pointed out that the measure should be regarded as a temporary one, and that its effect, as time went on, would be to drive gold out of circulation and to stimulate the hoarding of the metal. These arguments were never met, either by the Chancellor of the Exchequer or by the Financial Secretary to the Treasury, Mr. F. D. Acland, and my protests against the continuous issue by the Treasury of these notes were completely ignored.

When Mr. McKenna became Chancellor of the Exchequer and Mr. E. S. Montagu Financial Secretary I had some hopes of a reversal of policy, and when the Finance (No. 2) Bill was being considered in committee on June 29th, 1915, I proposed a clause limiting the further issuing of these notes, and providing for their gradual redemption. Needless to state, this action met with the same response as my former efforts, although there was some disposition to consider the arguments submitted by Mr. Hogge, the Member for East Edinburgh, and myself in support of the clause. In the following speech I endeavoured to explain my reasons for taking this course.

I beg to move, "That the Clause be read a second time."

I hope I shall not weary the House with speaking on a somewhat complicated and dry subject. I will endeavour to be as clear and, at the same time, as brief as possible. When these currency notes were first issued—in August last—the then Chancellor of the Exchequer, the present Minister of Munitions, indicated to the House that it was an emergency matter, and when he was asked whether provision was made for the retirement of these notes he answered that when the occasion for them had passed the notes would be retired. The outstanding amount of notes is now £44,897,000. In the last few weeks there has been some reduction, but last week there was an addition of a quarter of a million, so that the total outstanding to-day may be put at £45,800,000. I asked the late Chancellor of the Exchequer some few weeks ago, having regard to his statement in August,

whether he proposed to redeem them now that the occasion had passed for their being issued. He replied that it was public policy not to retire these notes. I endeavoured to get the right hon. Gentleman to meet me in Debate upon that point. I was unable to do so. I raised the matter on the Adjournment, and the Secretary to the Treasury replied; but I venture to think that he did not meet the points submitted by another Member and myself. I am glad now to have this opportunity of putting my arguments before the present Chancellor of the Exchequer, in the hope that he, with his great financial ability, will endeavour to meet them.

I am moving this Clause because I believe that the remaining outstanding of these notes is a menace to the financial position in the City of London to-day. There are two evils resulting from their remaining outstanding. I should like to say, before I develop my argument, that, personally, I am not opposed to the issue of bank-notes. When we discussed this question on the previous occasion the late Chancellor of the Exchequer and the Member for West Birmingham (Mr. Chamberlain) seemed to be under the impression that I was personally opposed to bank-notes. I am in no sense opposed to the issue of bank-notes, but the difficulty here is that this is an issue by the Treasury. It is Government paper-money, and there is all the difference in the world between that and notes issued by bankers who are responsible for them and take precautions not to extend the issue indefinitely and to hold the proper reserves against them. There are many things that tend to give bank-notes a character

which does not appertain to the issue of paper-money by the Government. I propose to refer to two evils which result from the excessive issue, as I believe this is, of paper-money by the Government. There is, first, the rise in the price of commodities, and, secondly, the effect on foreign exchange.

On a former occasion we discussed at considerable length in this House the rise in the price of commodities, and when that Debate took place I laid an argument before the House that this was one of the contributing causes, though not, of course, the sole one. There are many causes which have brought about the present rise in the price of commodities and the cost of living. I submit that this is one of the most important of the contributing causes. I propose to submit arguments in proof of that, and I hope I may be allowed to quote one authority in proof of that assertion. It is that of a great French authority, M. Frederic Bastiat, who, I think, very consistently points out how this effect is brought about. He is referring to the issue of paper-money by the Government, and he says:—

“Clever persons will take care not to part with their goods unless for a larger number of notes—in other words, they will ask 40 francs for what they would formerly have sold for 20; but simple persons will be taken in. Many years must pass before all the values will find their proper level. Under the influence of ignorance and custom the day’s pay of a country labourer will remain for a long time at a franc, while the saleable price of all the articles of consumption around him will be rising. He will sink into destitution without being able to discover the cause. In

short, once you wish me to finish, I must beg you, before we separate, to fix your whole attention on this essential point—when once false money (under whatever form it may take) is put into circulation, depreciation will ensue and manifest itself by the universal rise of everything which is capable of being sold. But this rise in prices is not instantaneous and equal for all things. Sharp men, brokers, and men of business will not suffer by it; for it is their trade to watch fluctuation of prices, to observe the cause, and even to speculate upon it. But little tradesmen, countrymen, and workmen will bear the whole weight of it. The rich man is not any the richer for it, but the poor man becomes poorer by it. Therefore expedients of this kind have the effect of increasing the distance which separates wealth from poverty and paralysing the social tendencies which are incessantly bringing men to the same level, and it will require centuries for the suffering classes to regain the ground which they have lost in their advance towards equality of condition.”

I must ask the indulgence of the Committee for making so long a quotation, but this subject is so complicated that one has to refer to authorities in the hope that such an authority as Bastiat may carry weight with the Committee when, perhaps, my arguments would not bring about that effect. We know that great economists have told us this over and over again. When we realise that if you take the amount of paper-money in circulation to-day as compared with a year ago, when I think I am right in saying that approximately the Bank of England issues represented £35,000,000, that to-day there is an increase in the Bank of England circulation, and that with this issue

of £45,000,000 of Treasury Notes we have an increase in paper-money of something like £80,000,000, we must feel that that is bound to have an effect on the prices of commodities. While that is not the only contributing cause, we do see evidence of it every day. It may, perhaps, be argued that the authority of a Frenchman is not sufficient to convince this Committee. I therefore call in another authority, that of a former illustrious Member of this House, the late Lord Goschen. He showed, in his book on *Foreign Exchanges*, how the same effect is brought about, and, if Members are anxious to confirm my argument, they will find ample evidence in Lord Goschen's book confirming what I have said. There is just one passage which briefly puts the point, which is so apt to the present day, with regard to the issue of paper-money by the Government that, perhaps, the Committee will allow me to read it. He says :—

“Sometimes Governments, simply for their own purposes, issue a quantity of paper-money! the natural consequence will be over-importation.”

That is what we are seeing to-day. The excess of imports over exports to-day is something like £264,000,000. That is, possibly, largely made up of purchases on munitions of war, but it is not entirely due to that. I would ask the Committee to remember that they may possibly be misled by the belief that it is entirely due to that. I think I shall be able to show that the over-issue of paper-money accentuates this adverse foreign exchange, which is creating great uneasiness in the City, which is leading to a steady

outflow of gold from this country, and which, if it goes on, may produce panic and disaster. On the question of over-importation Lord Goschen goes on to say :—

“Prices will rise in consequence of the increase in circulation”—

That is exactly what is taking place to-day—

“and accordingly attract commodities from other markets.”

It follows, if you have a rise in prices, it will naturally attract an excessive amount of imports to this country. The quotation goes on :—

“Or, over-importation takes place in the first instance, and Governments, in order to remedy artificially and apparently what can only actually be remedied by the cessation of the real primary cause, commit the fatal error of increasing the circulation by an issue of paper-money.”

I think I have read sufficient. I am very sorry to have to quote at length these authorities, but I hope the Committee will understand that, in order to deal properly with a subject of this character, one has to go to the fountain-head for the arguments which underlie the Clause I am asking the Committee to accept. It may rightly be asked, why does this excessive issue of paper-money lead to an increase in the prices of commodities? My answer to that is, that, as a result of the war, there has been an immense

shrinkage in the general trade of this country. I happened to come across this quotation the other day in a newspaper :—

“ For the week ending 14th June, we find the returns of the Bankers’ Clearing House for last week gives a total of £225,000,000, showing a decrease of £104,000,000.”

If you have a decrease of £104,000,000 in the commercial transactions of this country in one week, with an increasing amount of paper circulation, one of two things must happen. You have, of course, redundant currency, very largely increased, as it is, week by week. The result is that it forces prices to rise still further week by week. You have at the Treasury practically a printing press turning out these notes at the rate of £500,000 a week. They do not represent the work which the ordinary sovereign does when it passes from hand to hand. They are manufactured at the Treasury. No doubt the Treasury uses them in part payment of its liabilities at the Admiralty and elsewhere. It is a very easy way of paying your debts. All of us would probably be very pleased, indeed, if we had printing presses in our libraries, and, when we wanted to pay our debts, we had simply to turn a handle and issue these promises to pay. The same thing applies to the community as applies to an individual. When you find a State engaged in this most insidious of diseases as the use of printing presses, with an idea, if one may judge from the official announcements, of that going on permanently, I am justified in saying a warning word in regard to

it. I do not argue for a moment that we are in the same position, for example, as Germany, which, of course, has pursued this policy to an extraordinary extent. We also know that the rouble is inconvertible, and that our Ally, France, has pursued the same policy.

In view of the awful extent to which the nations of Europe have indulged in this most insidious and unsound policy in a time of war, one is appalled by the enormous liquidations which must ensue when they come to redeem this enormous mass of paper. I do not suggest, for a moment, that Great Britain is on a par with these other nations, but there is no doubt it is having an effect upon our foreign exchange. I come now to that point, which is the second point in my argument, of the evil which accrues from this issue of paper-money. It is better to raise one's voice before that evil becomes too excessive. It is better we should utter a warning note now than when, perhaps, panic and great disaster has come upon the country, which may come if this is not stopped in time. Let me give a few figures with regard to the position of foreign exchange. I will concentrate on the foreign exchange with the United States of America, that great neutral country with which we are still carrying on a vast trade, and I am sure those hon. Members acquainted with the position there will confirm what I say. I observe opposite an hon. Member, bearing an honoured name, who must know something of finance, and who will confirm me when I say that the rate of exchange between New York and London has lately been at a figure which has

hitherto been unknown in the history of this country, of course leading to a steady outflow of gold. It might be asked what effect has this issue of Treasury currency notes upon the rate of exchange. It is very easy to follow what effect it has. We all know what action is taken by the Bank of England when you find an excessive outflow of gold from this country. It endeavours, either by raising the rate of discount or contracting the currency, to turn the exchange in our favour. But it will be readily seen that it is practically impossible for the Bank of England to have any effect upon the rate of exchange or to contract the currency if you have a competitor in the Treasury turning out these notes at the rate of half a million a week.

That is precisely what is taking place to-day. The Bank of England has made efforts over and over again, but its efforts are futile. Money is more or less un-lendable, though certainly lately it has risen to a certain extent owing to the Loan operation. It is hoped that the Loan operation, by offering a high rate of interest, will tempt the British investor to get rid of his American securities, and hon. Members have probably followed that within the last week or so the exchange has come a little in our favour as the result of sales of American securities back to America, I believe, rather than purchases by Americans of our Loan. But that is more or less temporary. If this course persists the fact of this continuous issue of paper-money, and the effect it has in depreciating credit and in creating artificially cheap money, undoubtedly tends to make it impossible for the Bank

of England to have any effect upon the rate of exchange, with the result, I believe, that if gold continues to leave this country at the present rate it may perhaps lead to some very serious disaster. When I am asked what benefit this Clause confers, I submit that while it is not the only remedy—perhaps economy is the most important ; the reduction of our imports from America as much as we possibly can, and a sense of economy here in the purchase of certain commodities which we get from America—I believe it will unquestionably help very materially to alleviate this acute situation by giving the Bank of England the power to raise the rates for money and to turn the exchange in our favour by attracting American capital to this centre. If the rate of money is higher here than in New York capital will tend to flow from New York to this side, and when capital comes in on this side it has the same effect as if we were exporting commodities to America and creating a more favourable exchange. I believe that may be brought about by such action as I propose in this Clause.

It might be argued by some that banks and others who have grown accustomed to these notes might say, “We want to be provided against the recurrence of panic. We want, if credit should dry up and there should be another possible crisis in the City of London, to have something available in the way of a credit instrument.” I submit that that already exists in the power which we have to suspend the Bank Charter Act, and that, I believe, is ample power, should it be necessary, which Heaven forbid—I do not anticipate that it should be ; we have got over the most serious

part, I hope, of the crisis which obtained last August—to provide for any possibility of a recurrence of panic or of trouble in the Money Market; but this insidious power in the hands of the Treasury to continually issue these currency notes and to debase and dilute our currency, if persisted in, will, I believe, lead to and build up an amount of disaster and misery and it is already creating great suffering, particularly to the working classes. The Labour Members are continually asking the Government to pass measures for fixing the prices of commodities, an almost impossible thing, because you cannot control all the forces of nature or trade which go to create those commodities, but you can do something here because this is something for which we are responsible. Their support might be appealed for, as I am appealing for it now, and here I believe is one cause which has undoubtedly led to the enormous increase in the prices of commodities. Therefore I think if by their agitation and the agitation of others legitimate pressure is brought to bear upon the Government, they may see their way to accept this Clause. This is a dry and complicated subject, but I hope I have put the case clearly and that it will receive, as I have no doubt it will, fair consideration from the Chancellor of the Exchequer.

CHAPTER XIII

MOBILISING AMERICAN SECURITIES

DURING the year 1915 our indebtedness to the United States of America, as a result of large purchases of munitions and other articles by the British Government, coupled with sales in this country of almost every article manufactured by American manufacturers, amounted to a large sum. This state of affairs adversely affected the rate of exchange between the two countries.

The over-importation of commodities from America had been enormously stimulated by the continuous issue in this country of Treasury currency notes. This action by the Treasury, as I pointed out in previous speeches, had helped to raise prices in this country and thus stimulated imports of all kinds.

Mr. McKenna, who was Chancellor of the Exchequer, apparently believing that this adverse exchange was due to the exceptional payments which the British Government had to make in America for munitions and other articles, submitted a scheme for the purpose of stabilising the exchange—the idea being that holders of American securities in this country should either sell or lend their securities to the British Government, which in its turn would either sell or lend them in America, and thus for the time being favourably affect the exchange. He entirely ignored the other contributing causes to which I have referred, and also

did not apparently apprehend the fact that by artificially supporting the rate of exchange by this scheme he would very probably accentuate the evil he desired to remove.

A fall in the rate of exchange makes it more difficult and less profitable for the American manufacturer to sell his draft on London, and therefore tends to check the export trade of America. By supporting the rate of exchange the contrary effect is produced and a stimulus is given to the American export trade. This is exactly what has taken place, as the Board of Trade figures show for the year 1916, when the excess of imports over exports amounted to at least £500,000,000, including munitions and other articles purchased by the British Government.

It may be asked then, What is to be done to remedy the position? This can only be effected by removing or reducing the original cause, *i.e.* our indebtedness to America. Many will at once say that is impossible, particularly in war-time, as we must have the munitions, food, and other articles which the Government are compelled to purchase from the United States to enable us to carry on the war. I do not deny that certain purchases are probably necessary, but I believe the aggregate amount could be very much reduced by allowing the natural corrective of the exchange rate to operate; secondly, by imposing much heavier taxation on all incomes, which would lead to greater economy and thus reduce consumption; and, thirdly, by a gradual contraction of the currency by stopping the further issue of the Treasury currency notes. I admit that the financial position is now most grave, and the paramount necessity of the day is to bring about a speedy and honourable close to the war. To this end our whole energies should be bent. People talk lightly and ignorantly of the financial aid which

America may give us now that she has entered the war by lending us £1,000,000,000: what we want is not more debt but some one to show us how to produce £1,000,000,000. I do not mean, by that, that I do not appreciate the financial and other aid which the United States may bring to bear on the position; but the facts remain, and no amount of talk or endeavour to cloud the issue will be successful with those who take the trouble to acquaint themselves with them.

The scheme was embodied in a bill called the "Government War Obligations (No. 2) Bill," which came before the House of Commons for a second reading on December 13th, 1915. Although fully aware of the temporary favourable effect which the Government's scheme might have on the rate of exchange, I did not believe the plan would prove permanently successful, and endeavoured to explain my reasons in the following speech.

I find myself unable to welcome the scheme proposed by the Government for the simple reason that I do not believe it will attain the object which it sets out to achieve, namely, the correcting of the American exchange. The Government have already proposed three remedies for correcting the exchange. The first was the imposition of new Import Duties. Then we had the Anglo-French Loan which cost the country something like 6 per cent. interest. On that occasion I noted that the exchange was 4·72 when the loan syndicate was closed, and it afterwards fell, and is now round about 4·70 at the present moment. There we had a very extravagant form of correcting the American exchange which failed signally in achieving

that object, although it was undertaken at very considerable expense to the British taxpayer. Now we have this extraordinary, fantastic scheme of mobilising American securities which I do not propose to go into at length, but I will concentrate my efforts to show that it will also fail in achieving its main object, which is to get all the American securities into one hand with the object of correcting the American exchange. I admit that the sale of American securities for the time being does tend to prevent the exchange going lower, and whether it is done by private investors, finance houses or the Government, it will to that extent affect the exchange; but to suggest that we should sanction such extreme powers and such added liabilities to the taxpayer when the Government has made out no case to show the method by which the correction is to be brought about, is asking for far too great powers. The Chancellor of the Exchequer, in reply to a question of mine, furnished the House with some very interesting figures which touch upon this question of exchange and gold coinage. I asked the right hon. Gentleman on that occasion if he would state what the circulation of gold was in this country prior to the outbreak of war, and what it was at the present time. And he gave in reply some figures which were very interesting, and which showed that the gold in the hands of the bankers on June 30th, 1914, was £82,800,000, and on June 30th, 1915, was £110,200,000. He said :—

“No precise statistics are available of the amount of gold coin in the hands of the general public, but

the best estimate which the Mint is able to make is on the 30th June, 1914, £78,000,000, and on the 30th June, 1915, £75,000,000."

One hon. Member interrupted to ask if it was the case that this estimate of the gold coin in circulation meant only a decrease of £3,000,000 in the circulation, and the right hon. Gentleman was unable to state this point specifically, but I think that a great many besides the hon. Member who asked that question will doubt whether the gold coin now in circulation in this country amounts to £75,000,000. I venture to state that if every hon. Member was asked to produce the gold coin in his pocket he would be able to produce very little, because gold coin, as far as circulation is concerned, has almost disappeared. My argument is that these figures complete my case. I want to bring before the House the real cause of the adverse exchange. If we take this £78,000,000 on June 30th, 1914, and the £75,000,000 which the right hon. Gentleman states was the amount in circulation this year, and compare it with the trade which we are engaged in, we shall get a very interesting conclusion. Of course, I do not entirely subscribe to what is called the quantitative theory with regard to goods and currency, but it is a very good indication, if you compare your trade and circulation as to the state of your currency, and I think you may be able to draw a sound conclusion from that. As the Chancellor of the Exchequer has given us these figures, I take the trade of this country in 1915. For the past six months ending June the imports were £429,000,000

and the exports £234,000,000, with a total aggregate trade movement of £663,000,000. For the six months ending June, 1914, the imports were £375,000,000 and the exports £314,000,000, or an aggregate trade movement of £689,000,000, the difference between the two only amounting to something like £26,000,000. Hon. Members will see that the aggregate trade movement of exports and imports together on June 30th, 1914, and 1915, were approximately very nearly the same.

I will now give the circulation to the House. If we take gold coin on June 30th, 1915, it amounted to £75,000,000 ; Bank of England notes increased by £5,000,000, so that the total on June 30th was approximately £35,000,000, and to that you have to add £70,000,000 of Treasury notes, making a total currency for 1915 of £180,000,000 for the trade movement, whereas on June 30th, 1914, the circulation of gold coin was £78,000,000, and Bank of England notes £30,000,000, or a total of £108,000,000. So that we find with very nearly the same aggregate trade an increase from £108,000,000 to £180,000,000, or an increase of £72,000,000 sterling in the currency. There is the real root and main contributing cause of this adverse effect on the exchange for which we are asked to place an additional charge on the taxpayer. The chaos of our finance caused by schemes of this sort makes one despair that sanity will ever return to the British Treasury. These figures show an inflation of £72,000,000, and surely that fact ought to carry weight even with the Chancellor of the Exchequer. When I advanced this argument on a former occasion the Secretary to the Treasury, in his reply, only made an

elephantine joke about coming under the Defence of the Realm Act, and further informed me that we were at war. On another occasion the Member for Hexham (Mr. Holt) replied to this statement that war had not altered the multiplication table, and, I would add, nor has it altered economic law. Economic law still prevails, and it is because of that fact that the Government are now asking us to consider this scheme for correcting the American exchange. I would just like to say, in addition, that when a scheme of this sort is about to be submitted it surely ought to be submitted first to this House. We have been told that there have been various consultations and conferences, and that the Chancellor of the Exchequer has explained this measure at length to various insurance companies and trust companies. I think, when the right hon. Gentleman has a scheme of this character, he might at least submit it first to the House and get the opinion of many hon. Members who are capable of giving some sound opinion and criticism upon it before it goes to the outside world. We are only asked to come in at the eleventh hour, and we are practically told that it does not matter whether we approve of it or not, because it is a *fait accompli*.

In the second Clause there is reference made to a securities' deposit scheme. We shall not be able to amend that scheme, and we are supposed to swallow it wholesale simply because the Chancellor of the Exchequer and the Financial Secretary think they have fully considered it, and that it is a sufficient and absolute remedy for the falling exchange. Because of the vagueness of these words they will probably

later on be able to bring in a fourth plan, and saddle us with a further debt. I protest against our being treated in this way, and against the House of Commons being treated in this way, without any arguments being given to show how this scheme is going to correct the exchange. First we are to give the Government power to get the American securities, and to pay $\frac{1}{2}$ per cent. beyond the yield of these securities. If they borrow them for two years and do not intend to sell, it practically means that the British Government are going to invest millions in American securities. Are they going to guarantee the taxpayer against any loss? Have hon. Members considered what we are doing in this matter? Here we are giving power to the Government to purchase without disturbing the market, and practically creating a false market, and making the market for these sellers to unload, and the British taxpayer will be left after this precious Government has disappeared with a load of some £500,000,000 which they will not be able to sell. It is a monstrous scheme that no sane man who has had experience in finance should be asked to tolerate and support, because it is unworkable and unsound in principle.

CHAPTER XIV

PROSPECTS OF PEACE

A NUMBER of members of the House of Commons were anxious to raise the question of the prospects of Peace. They were appalled at the terrible loss of precious lives and treasure, and while not giving way as to the objects for which this country had entered upon the war, they desired to elicit from the Government whether it was not possible by a statement of terms or in some other form to find an honourable way out of the present war and to bring about a satisfactory peace.

An opportunity presented itself on the second reading of the Consolidated Fund Bill, which came before the House of Commons on February 23rd, 1916.

The Prime Minister (Mr. Asquith) replied to a number of speeches, but took up a very uncompromising attitude and again repeated his well-known statement! "We shall never sheathe the sword, which we have not lightly drawn, until Belgium"—and he added Serbia—"recovers in full measure all, and more than all, which she has sacrificed, until France is adequately secured against the menace of aggression, until the rights of the smaller nationalities of Europe are placed upon an unassailable foundation, and until the military domination of Prussia is wholly and finally destroyed."

In the following speech I agreed with the Prime Minister as to the desirability of getting rid of the military domination of Prussia, but I believed that this was a matter which principally concerned Germany and must eventually depend upon the people of that country for its solution.

If the German people desire peace as I believe they do, if they wish the rest of the world to believe this and to give them their desire, then I suggest to Germany that a large and comprehensive scheme of constitutional reform put through by Germany now would help enormously to bring that about. The people of this country believe that the war, with all its horrors, is principally due to the action of the military party in Germany, and the sooner the authorities in Germany understand that and act accordingly the sooner will the war be over. We have to deal with things as they are; and while a study of the past may help us to understand the future and to guide our future action, I quite appreciate the position that we must have regard to this outstanding fact, which has been emphasised by the entry of America into the war, that the democracies of the world demand that the reign of a military autoocracy must cease. Russia has led the way; the British Government has announced to the House of Commons its intention to bring in a Reform Bill. The eyes of the civilised world look towards Germany to follow suit.

The hon. Member who has just sat down, in what I think was very temperate language, referred to the position as it now exists, but I do not propose to go over that ground, which was so ably gone over by the hon. Member for Blackburn and the hon. Member for Elland. My hon. Friend the Member for Stirling

Burghs drew attention to the phrase of the Prime Minister, a phrase which the right hon. Gentleman emphasised to-day, in what, in my judgment, was a most unfortunate utterance, in reference to the removal of the domination of Prussian militarism. We all, no doubt, would like to see the removal of Prussian militarism from Germany, but if the German people are prepared to submit to Prussian domination, how can we prevent it? We must face the facts. We are level-headed men, and surely we are able to take a view of the position as it exists to-day. We know that we are dealing with a population in these Central Empires of something like 100,000,000; yet the Prime Minister comes down to the House and talks about the removal of the domination of Prussian militarism. Nothing can be more ludicrous, unless you are prepared to occupy and govern Germany from the time of the war. It is an insult to our intelligence to entertain us with an airy and nebulous phrase about the destruction of the dominance of Prussian militarism. If the Prime Minister can show us how this domination is to be removed, I, and I am sure my hon. Friends, would welcome it, as would also the right hon. Gentleman the Member for the City of London and other hon. Members; we would be delighted if the Prime Minister could show us how to remove the domination of Prussian militarism in Germany.

The very able speeches of the hon. Member for Blackburn and of my hon. Friend the Member for Elland unquestionably gave us food for thought. They showed us that the achievement of a great victory by either of the belligerents would not remove

Prussian militarism. Let us face that criticism. Suppose, for example, we achieve through a 17-inch gun a great victory over Germany or Prussia, would not the Germans or Prussians naturally say, "Of course the reason of our defeat was that the other belligerents had a better gun than ours, and what we have got to do is to get to work again"? We cannot remove the Central Powers with their hundred millions of people off the face of the earth, and they will bide their time until they get a military instrument which they think will successfully compete with ours. It is a delusion, the greatest delusion, I submit, which is embodied in the unfortunate phrase used by the Prime Minister. To take the most charitable view of the case, I cannot see how he is to adhere to it. If he can show us how it is to be carried out, then I for one and many others would be very glad to hear it. The hon. Member for Blackpool (Mr. Ashley) made a very temperate speech, though, of course, in opposition to my hon. Friends below me. He said that what we had set out for was to "keep what we have." I think that is a proposition which we would all support. The hon. Member also went on to say that Germany had been making preparations for this war for a hundred years, and he gave us some facts and references to other wars of Germany, seeking to show that this menace had been preparing for us, and had been growing up, over a long period of years. I happened to be looking up some foreign correspondence, White Books and Yellow Books published with regard to this war, more or less in preparation for this Debate, and I came upon some remarkable French evidence

in a communication from the French military attaché (Lieut.-Colonel Serrett) at the French Embassy in Berlin to his confrère (M. Etienne), Minister of War in Paris, in regard to the state of Europe just previous to this war. It is dated March 15th, 1913. It is a most remarkable communication, and I will read one extract which I think the House will agree is important and interesting, coming as it does from a Frenchman who could not be regarded as prejudiced in favour of Germany. He was writing to his Chief in Paris, and of course it was his duty to state to him what was the condition of things in Germany at the period when he wrote.

Before reading the extract, I should just like to briefly refer to some of the diplomatic facts to which my hon. Friend the Member for Stirling Burghs referred, and the hon. Gentleman who is well versed in these diplomatic facts will correct me if I do not give an exact résumé of what took place. The House will recollect what led up to this great tragedy. It is necessary to go back a little, and I think that if we refer to two or three of the international factors of the situation they might possibly lead us to a better understanding of the German mind. After all, if we are to have an honourable settlement and a durable peace we must try to put ourselves in the other's place, and thus try to find out what is exactly the mind of Germany. Reference has been made to a desire of domination on the part of Germany. I quite agree that very probably Germany, like ourselves, is composed of a great number of parties. There is a party in Germany which undoubtedly desires that Germany

should have world-power ; there is, also, no doubt a party which has been coerced into war from the fear that there was an intention on the part of other Powers to crush Germany ; and there is, also, a strong military party whose members, of course, like all soldiers, are desirous of going on active service, with the chance of achieving distinction. When you get a population of that character, when you have circumstances of this nature, and when you bring all those factors into one channel, as a rule you are very apt to have war. The particular factors to which I desire to draw the attention of the House, and which I think had an effect upon the German mind, are these : I go no further back than the South African War, when the famous Kruger telegram was sent, and there was possibly an attempt to play upon German feeling when Great Britain was getting those South African colonies. Then there was the case of Tripoli, in which Italy was engaged. England took no part against her action. The House will recollect that we called attention again and again to The Hague Convention, and protested against the wanton act. No notice was taken of our protest in any shape or form. There was a great Foreign Office Debate in this House, in which a good many Members took part. I asked the Foreign Secretary if the reason for his action in not protesting against what was admitted, I think, by a great many newspapers and many Members of this House, to be a wanton act on the part of Italy, was the detaching of Italy from the Triple Alliance, possibly having in view that a European War might take place. He did not answer me. To proceed to

Morocco. What was the action taken there ? It is with reference to that I shall make the quotation to which I referred. The House will recollect what took place. There was a treaty between all the Powers and the parties—Germany, Russia, France, and ourselves among the others. What took place ? We are very proud of our devotion to conventions and treaties. We resent and condemn, and rightly condemn, the violation of the sanctity of Belgium, and the “scrap of paper” which was torn up ; but we ourselves were parties with France to tearing up the Treaty of Algeciras, which provided for the good government and treatment of Morocco. There was actually a provision in the Treaty of Algeciras, that where any dispute arose with regard to Morocco it should be referred to the Tribunal of the Powers. That was entirely ignored. Then afterwards the war broke out. This was the communication from the French Attaché in Berlin to his Chief in Paris, and the dispatch is in the French Yellow Book, No. 1 :—

“ May I recall, in order the better to show the genesis of this military programme, what was written by my predecessor, Colonel Pelle, a year ago, when the law of 1912 made its appearance : ‘ We discover every day how deep and how lasting are the sentiments of wounded pride and rancour against us, provoked by the events of last year.’ ”

He was referring to the humiliations inflicted on Germany in speeches made by Ministers in this country, which led practically to the Ultimatum delivered to

Germany that she must withdraw her gunboat from Agadir. The report continued :—

“The treaty of 4th November, 1911, is a profound disappointment. The resentment felt in every part of Germany is the same. All Germans, even the Socialists, resent our having taken their share in Morocco. It appeared one or two years ago as if the Germans had set out to conquer the world. They deemed themselves so strong that no one would dare enter the lists against them. Boundless possibilities were opened up for German industry, German trade, German expansion. Naturally those ideas and those ambitions have not disappeared to-day. Germans still require outlets for their commerce ; and they still desire economic and Colonial expansion. This they consider as their right, as they are growing every day, and the future belongs to them. They look upon us, with our 40,000,000 inhabitants, as a second-rate nation. In the course of 1911 this second-rate nation held its own against them.”

They held their own, because we supported them in the violation of the treaty, in the tearing up of a scrap of paper. The letter concluded :

“The Emperor and the Government yielded, public opinion has neither forgiven them nor us. Public opinion does not intend that such a thing shall occur again.”

From that moment Germany prepared for war. We are being continually told that there was evidence that Germany was preparing for war. That is quite true. I do not deny it. All the facts go to show that

Germany was preparing for war. I do not suggest for a moment that Germany was justified in the aggressive action she took in the violation of Belgium and many of the other acts which were committed. I do not stand up here to defend Germany in any sense of the word.

CAPTAIN PIRIE : What is the purpose of your speech ?

MR. MASON : I am sorry if I have not made myself clear. Possibly I cannot do perhaps the same justice as the hon. Member, but I am endeavouring to show, while I do not for a moment palliate or excuse the action of Germany, I ask the House as a fair Assembly, and even the hon. Member as a fair-minded man, after the statement of these facts, and they are facts—[HON. MEMBERS : “ No, no ! ”]—I ask him if he can state, knowing these facts, that we did not incur responsibility in perhaps helping to provoke this great tragedy. [An HON. MEMBER : “ We were accessories before the fact ! ”] I am not going to call ourselves names. [An HON. MEMBER : “ You are ! ”] The hon. Member can form his own conclusion. I am endeavouring, to the best of my humble ability, to put these facts as they are before the House.

MAJOR NEWMAN : Are you speaking for your constituents ?

MR. MASON : I am glad the hon. Member makes that interruption, because it was so ably answered by the hon. Member who spoke before me. He said a very straightforward thing : that we are not here as it were altogether to speak the views of our constituents. Surely we are here as Members of Parliament. I quite agree we have a responsibility to our

constituents, and when the time comes I hope I will be able to face that responsibility. I am sure that this House would resent, and very properly, if we did not give our views such as they are. They cannot necessarily be in accordance with the views of every Member. We are Members of this great deliberative Assembly, and, as the hon. Member pointed out, surely it ought to be our primary duty, and I am endeavouring to try to carry that out, to express our views. Whether I represent the views of my constituents I am unable to say, but I can assure my hon. Friend that I long for the period when we may meet our constituents. I, for one, was quite against extension of the life of Parliament. I thought it was a most unjustifiable act, and I supported the extension of eight months rather than twelve. As far as I am concerned, I am quite prepared to give them any satisfaction, and to try to put these views before my constituents, and to ask for a renewal of their confidence. I am quite unable to say whether they will do so or not. I do hope some further consideration will be given to this very proper suggestion of my hon. Friend. I, for one, have never wavered in my support of this cause. I regard it as a just cause.

MR. R. MCNEILL : What cause—our cause, or Germany's ?

MR. MASON : The cause we are engaged in, our cause. I clearly said that over and over again in this House, and I have never wavered in the belief that we are engaged in a just cause. I do suggest that for motives of reason, from higher motives, that after all we have a higher responsibility. I am sure that we

do recognise our responsibility, and that our words do carry weight in the country, and that the country looks to this House for statesmanship and for guidance, and that every single Member of this House owes a responsibility to the House for every single word he utters, and owes a responsibility to a higher power than this House, to himself as a man and to God. I say that we are bound as men to offer our opinions—what we sincerely believe to be our just and true opinions. We are supposed to offer them to the Government. It is not our responsibility if the Government refuse to listen to them. We owe that responsibility to this great Assembly, to ourselves, and to God. On those lines I ventured to address this Assembly.

CHAPTER XV

PEACE AND WAR

SPEECH DELIVERED ON MAY 24TH, 1916, IN THE
HOUSE OF COMMONS

I SHOULD like, first, to say that I regret to see that the Secretary of State for Foreign Affairs (Sir Edward Grey) has seen fit to absent himself from this Debate so early after his own speech. I think I express the feelings of many here present when I say that it was a gross act of discourtesy to the hon. Gentleman who followed him in the Debate. For a Minister who so seldom comes to this House to walk out of the Chamber immediately after making a speech is certainly an act of the grossest discourtesy. The Foreign Secretary, referring to the recent interview of the Imperial German Chancellor, said that he demanded a victorious peace. I happen to have here a copy of the recent dispatch of the German Government to the United States Government, and I will quote it to the House, so that we can see for ourselves what is in the mind of the German Government at the present moment. The German Government said that twice within the past few months she has announced before the world her readiness to make peace on a basis safeguarding Ger-

many's vital interests, thus indicating that it is not Germany's fault if peace is still withheld from the nations of Europe. The Foreign Secretary read into the statement of the Imperial Chancellor, when he referred the British Government to the war map of Europe, a declaration for a victorious peace, but I do not think that is consistent with the actual statement which I have just quoted. They are the actual words of Germany herself. Twice she has been prepared within the past few months to make peace—providing her vital interests are preserved. My hon. Friend (Mr. Ponsonby) did a good service in his very able speech when he initiated this Debate, and I think he was justified in pointing to the elements which at present exist, as he said, for advancing negotiations. He considered the time was ripe for these negotiations, and this dispatch from the German Government certainly gives us very considerable ground for that assertion. If we pass on to the latest interview of the Imperial Chancellor, we find that he again refers to this statement to which I have just alluded, and says :—

“I have twice publicly stated that Germany has been and is prepared to discuss the termination of the war on a basis that offers her a guarantee against a future attack from a coalition of her enemies, and ensures peace to Europe.”

There again we have a very distinct and specific utterance from the Imperial German Chancellor, in which he very definitely states that Germany is prepared to enter into peace negotiations providing her interests

are preserved. I do not know what words mean if that does not mean that she is in that position, and therefore I contend that the speech of the right hon. Gentleman was certainly not borne out by the statement of the German Government itself. I very much regret and deprecate the tone of the right hon. Gentleman's speech, and I think that will be endorsed by others who heard it. I am not here to defend the German Government or the attitude they took up with regard to Bosnia, but a Minister who describes the statement of the Imperial Chancellor with regard to Bosnia as "a first-class lie" is certainly not likely to be the instrument that is going to advance that honourable and satisfactory conclusion to this War which is so very desirable. He was perfectly justified in pointing out the inaccuracy of the statement made by the German Imperial Chancellor, but such an expression as he made of course will be publicly quoted and sent far and wide throughout the length and breadth of the world, and is not the way to advance the cause of peace which he himself would have us believe he desires. What did the Secretary of State for Foreign Affairs himself say? He said, in that famous interview in the *Chicago Daily News* :—

"Nobody wants peace more than we want it, but we want peace that does justice, and a peace that re-establishes respect for the public law of the world. . . . Presumably Germany would like neutrals to think we are putting pressure to keep France, Russia and Italy in the war. We are not."

That is a sentiment which I think will meet with

support from every Member of this House. But when one reads a statement of that character in an interview purposely provided for the nourishment and consumption of the American public rather than of the British public, how can we reconcile it with the bellicose language and very extraordinary method of expressing himself which the right hon. Gentleman has used this afternoon? It is impossible to believe in the assertions or attitude of His Majesty's Government, or to reconcile it with a statement of this character, which every one will agree was temperate and moderate; which led me to believe, when I came down to the House, animated by the most conciliatory attitude towards the Government and looking forward to a great advance, as I believed, the Government and right hon. Gentleman were prepared to make. To find the right hon. Gentleman using language and tones such as he used just now, I am bound to confess, was a very great disappointment to me.

What, after all, are the primary objects for which we entered into this war? It may seem unnecessary to again go over the whole ground and to reiterate them, but I would like briefly to state them, as they may help once again to direct our minds to the object for which we are struggling. The hon. Member for Stirling Burghs (Mr. Ponsonby), in his able speech, and the hon. Member for Leicester (Mr. Ramsay Macdonald) both referred to these objects and showed that, as far as we believe, Germany is prepared to concede them. The Secretary of State for Foreign Affairs perhaps does not agree with that; indeed he denied that there was any evidence to show it. But

I have endeavoured to show that there is abundant evidence. What are these objects? They are, first and foremost, to carry out our solemn treaty obligations with regard to Belgium, and to bring about an honourable settlement with reference to France. It is often forgotten that we are not alone in this treaty. The obligation for the preservation of the sovereignty of Belgium is equally shared by Russia, France, Austria and Germany. They, severally and jointly, are responsible for the obligation. No one has suggested that we are anxious to make peace independently of Russia or France, because we recognise that they are, equally with ourselves, responsible for the carrying out of this obligation towards Belgium. Therefore, we feel, unless they have some other motive, some other axe to grind, they must be equally as anxious as ourselves to carry out the primary object for which we entered on the war.

It has been suggested by other critics to those who, like ourselves, contend that the time is approaching, or even ripe, for trying to bring this war to an honourable close, that to state this is a sign of weakness. I cannot see how that can be justified. How is it a sign of weakness? We may point to our strong military position, our strong naval position, and our strong financial position. But, because we are equally as patriotic as others, because we are alive to the enormous liabilities which we are incurring, because we had taken a particular view on the whole situation, because we are alive to the immense cost both in life and treasure, because we are anxious to bring this war to a close, and because we seem to take more

persuasive measures for bringing that about than those who cry "Peace" and then indulge in the purest invective, how can it be a sign of weakness on our part when we add that, whilst stating our minimum terms, we ought still to pursue the war with our utmost vigour? If Germany is prepared to concede—as I think she is—these very legitimate demands, I think we should be prepared to meet her either by arbitration or in the way suggested by the hon. Gentleman who preceded me (Sir W. Byles), by suggesting another conference at which the nations can come to terms. If, on the other hand, she refuses to have anything to say with regard to the complete evacuation of Belgium, then I do not believe there is a single man in this House or in the country who would support any giving away or weakness with regard to that fundamental principle which lies at the bedrock of our position. Knowing that fact, knowing full well that we will adhere to the primary object with which we entered and are carrying on the war, it cannot be suggested that it implies an element of weakness or is likely to discourage our Allies. If we can get those terms granted, we are prepared to give an honourable peace, and to imply that that means weakness is not in accordance with common sense.

Reference was made by one of the preceding speakers to the immense risks and liabilities that we are incurring, and I would like to allude to that once again, as it may perhaps press upon some who look at this question, not only from the point of view of human life, but from the point of view of the financial responsibilities and untold suffering which are bound to

come to this country, and to all countries, whatever the settlement may be, as the result of this awful tragedy. I saw a statement the other day by a London financial expert estimating what would be the position of the belligerents if this war should continue until August 1st next. He estimated that the total debt of the German Empire would be £3,200,000,000, with interest charges amounting to £152,000,000 ; of the Russian Empire at £3,000,000,000, with interest charges of £145,000,000 ; of France of £2,920,000,000, with a fixed charge of £125,000,000 ; and of Great Britain at £2,610,000,000 with interest charges of £110,000,000. That, perhaps, is a rather modest estimate, because our own Chancellor of the Exchequer has told us we shall have interest charges of something like £145,000,000. Still, that latter figure may possibly include the loans we have made to our Dominions and our Allies, and I think was based upon the war continuing till the end of the year. But if you take that as a summary of the position, which we shall have to face sooner or later, and which is bound to entail an immense amount of suffering on people who are struggling to live, you will find the total debt charge will be £11,730,000,000, and the annual interest charge between £500,000,000 and £600,000,000. That fact is worth the consideration of all of us, and it is worth bringing to the notice of many hon. Members who perhaps, in the present state of artificial prosperity and the great boom in trade, are not alive to what is going on. They see immense prosperity, a great circulation of money and high wages, and, for the moment, they keep this fact in

the background. It is not a very welcome fact to realise the enormous debt that you are incurring and the enormous bill you will have to meet some day very soon. Therefore it may serve a useful purpose if I draw the attention of the House to that factor in the situation.

Many other critics say, again, that even if Germany was prepared to meet this country in granting, for example, those primary objects to which I have alluded, it is not sufficient. They say that they do not want this to occur again, that they do not want their children to suffer another such tragedy, and that there is only one solution, namely, to crush Germany to her knees. All I can say to those critics is that if they will honestly face the situation from a military point of view and consult military authorities, they will find many of them who will say that that is impossible. If they could consult the war map of Europe, to which the Imperial Chancellor referred, they will admit that the task is a superhuman one. It is no use deluding ourselves that it is within our powers, that it is an easy task, and that it is not going to cost us also an enormous sacrifice of blood and the probable bankruptcy of this country if we persist in the steps which this particular end involves. We cannot dismiss Germany by simply saying that we are going on until we have crushed her to her knees and, in the end, make her sue for peace. In the first place, I doubt our ability to do it, and, in the second place, if we were to persist in it, after having attained the primary objects with which we entered the war, it would not only be an impolitic but an immoral act.

The Duke of Wellington once said that after a great army had obtained the primary object for which it entered the campaign, it was unquestionably an immoral act if it persisted in the campaign for military glory, or with a desire to trample upon and crush the enemy. Even if you imagine it would remove the menace from our children and our children's children, it would leave you with a crushed and beaten Germany with a rankling spirit of revenge. If we study history, we find that Napoleon tried that with Prussia, and failed. He tried to limit her standing army to 40,000. He succeeded for the moment, but she again rose up, and eventually took her revenge on France in 1870. What policy did Prussia pursue then? Very foolishly she took from France Alsace and Lorraine, but she did not prevent a spirit of revenge arising in France, because we now see France, very rightly, trying to get back what she lost by that most unjust treatment of her by Germany in 1870. Therefore, if we study history, we see there is no evidence to show that such a policy—apart from its difficulty—is likely to achieve the result which those who support it would have us believe it is likely to bring about.

I do not propose to go into all the details of a possible settlement. This is not the time for us to survey the whole field, or for stating what we are prepared to do in regard to Serbia, Poland, and the other parts of this enormous field of operations. We have specifically stated the objects for which we entered the war, and Germany has agreed, as I believe, to concede these primary objects. We have to remember that

in the earlier stages of the war many German publicists were in favour of the annexation of Belgium. All that has disappeared. I contend that while we were a united country—rightly united—and are still united with regard to those particular objects, there will be, and necessarily must be, growing disunion in this country because of the suspicion, which may rapidly grow into a conviction, that we are not now pursuing the war for the objects for which we entered it, but for some ulterior objects not disclosed to the House or the country. If the belief centres in the minds of men and in Members of this House that the Government is not anxious to bring to a close this horrible tragedy, but that they have ulterior motives in view, we are justified in pointing out to them that they are guilty of the worst of all crimes—the crime of blood-guiltiness. The Secretary of State for Foreign Affairs, in the interview to which I have referred, spoke of the advantages of arbitration. He used one phrase in which he said that he was not in favour of war as a means of settling disputes, and that he regarded it as a most undesirable method of settling disputes. That interview may possibly have been drawn up for American consumption only, but I believe that is his honest conviction. I have heard the right hon. Gentleman speak in the most eloquent terms of the advantages of arbitration and conference, and in condemnation of war. Perhaps if he had not been irritated a little by the criticisms made upon his diplomacy this afternoon he might have spoken in that higher and nobler vein. On some occasions he has spoken in very eloquent terms of the terrible

disadvantages of war. In conclusion, I would remind the House of an episode that occurred in South America. High up on the mountain side of the Andes is a statue of bronze. It is made of the cannon belonging to the two States of Chile and the Argentine. It is a statue of our Blessed Lord, and it is set up there to commemorate the fact that these two countries, rather than go to war, preferred to refer their differences to arbitration and to a conference such as we desire.

CHAPTER XVI

TREASURY WAR FINANCE

A NUMBER of members of the House of Commons, like Sir Frederiek Banbury the member for the City of London, Sir Charles Henry, and myself, became very much concerned at the growth and amount of the floating debt. We had one or two private conferences on the subject, and decided to raise the question at the earliest opportunity, and on August 10th, 1916, we were afforded such an opportunity, when the Civil Services and Revenue Departments Estimates 1916-17 (and other estimates) came up for discussion. I asked Sir Charles Henry if he would open the discussion and he agreed to do so, and with that object in view moved to reduce Item A by £100.

Both Sir Charles Henry and Sir Frederiek Banbury made admirable speeches pointing out the gravity of the position, and the advisability of considering the question of the issuing of a long term loan.

The Chancellor of the Exchequer (Mr. McKenna), while not ruling out the possibility of his issuing a long term loan, was evidently of two minds on the subject. He tried to justify his policy of piling up the amount of short-dated securities, and at the same time claimed credit for reducing the amount of three months' Treasury Bills.

In the following speech I endeavoured to meet his

various points, and to press home the arguments of those who had preceded me in the debate !

I join in the appreciation which has been expressed at the lucid statement of the right hon. Gentleman, the Chancellor of the Exchequer. Before I make any observations upon what he said, I would like to express agreement with what the hon. Gentleman who has just sat down said in drawing attention to this large floating Debt. I agree with the Chancellor of the Exchequer in his optimism. I was struck the other day by a memorable passage of Emerson which was applied to the position of Great Britain in the past, when she was in some financial straits. It seemed to be appropriate to to-day, and perhaps I may quote it. Emerson said :

“I see her (Great Britain) not dispirited, not weak, but well remembering that she has seen dark days before, indeed with a kind of instinct that she sees a little better in a cloudy day, and that in storm of battle and calamity she has a secret vigour and a pulse like a cannon. I see her in her old age not decrepit but young, and still daring to believe in her power of endurance and expansion.”

I quite agree with this sentiment, and I quite agree with the right hon. Gentleman in his temperament. At the same time, while agreeing with that sentiment, I am sure, from the courteous way in which the right hon. Gentleman has always welcomed criticism, that he does not think there is any doubt of our ability to foot the bill, and that our criticism is given in the

spirit in which, I am sure, it is received, and with the object of making suggestions for the future.

It seems to me particularly appropriate that we should now, after two years of war, have a survey of the position. While agreeing with the criticism of my hon. Friend the hon. Baronet, the member for Wellington, with regard to the floating debt, I find myself not agreeing with what he said with regard to the raising recently of the Bank of England rate of discount. I agree rather with the member for the City of London (Sir F. Banbury) and the Chancellor of the Exchequer. Of course, I know all of us are not in possession of all the facts that were in the knowledge of the Court at the Bank of England when they came to this particular decision, but with the knowledge that we possess I think we are able to say that the one motive which animated the directors of the Bank of England was that they were faced with a considerable gold drain to America. The Chancellor of the Exchequer lightly referred to that. Certain demands had to be met here, and the Bank were anxious to avert that gold drain, and therefore took what has generally been regarded as the most potent method of restraining it, namely the raising of the rate of discount. I think the effect has justified the action of the Bank of England, because it has had some influence, though, perhaps, not as great an influence as it might have had, for reasons which I have formerly referred to, and which, perhaps, I may again touch on—but it has had a very beneficial effect on this market in attracting capital to London. Already very considerable sums have, I believe, been

attracted to London, and the fact that money was quoted cheap again in New York is, I think, one of the reasons for the Bank of England endeavouring, by a change in the rate of discount, to attract some of that capital to London, where, of course, it is much in request. As far as we know the action of the Bank of England has been thoroughly justified.

With regard to the question of floating debt, the total of it has been given by a number of Members, and we may take it as approximately correct when we say it is something like £850,000,000. But we have to add the other floating debt issued by the Treasury in the shape of currency notes, which now amount to something like £127,000,000. That gives us a total of £977,000,000 odd. I would like just to refer briefly to the second part of the floating debt. I do not know if any hon. Members have observed that last week this issue was increased by no less a sum than £2,000,000; that was in one week alone. As some reference has been made to the recent bank discount and its object, to check the gold drain and raise the value of money here, I think the Members who are cognizant with finance and have a knowledge of the Money Market must know that when the Bank of England raised the rate of discount, with the object of attracting capital here, the Treasury was a competitor of the Bank as it were, by adding to the aggregate amount of currency at the rate of something like a million or two millions in a week. The Bank of England's action is thereby crippled to a large extent, and its beneficent effect is certainly threatened by this continual addition to the floating debt in the

shape of an addition of Treasury currency notes. Dilution seems to be rather a feature of the present Government. The hon. and learned Member for North-East Cork (Mr. T. M. Healy) spoke of the dilution of Courts of Inquiry by the addition of lay members. We have had the dilution of the Army by the addition of conscripts, the dilution of skilled labour with unskilled labour and women, the dilution of Free Trade with an injection of Tariff Reform, the dilution of the currency, and a dilution of the Liberal Government by the addition of many Conservatives. Dilution seems to be the order of the day. This may well be termed a "Dilution Government." The effect which this large addition to the currency has had on prices and other things is worthy of the attention of this Committee. The Government has recently appointed a Committee to consider the rise in the cost of living, which has for its chairman that Free Trade economist, the right hon. Gentleman the Member for the Tyneside Division (Mr. J. M. Robertson). Here is one very serious contributing factor to the cost of living. It is well known to those with any knowledge of the subject that if you continue to add to the floating debt by an addition to the amount of currency paper that, of course, affects prices and makes the cost of living dearer for the poor and the old age pensioners.

The Debate has largely turned upon the question of Treasury Bills. What is the position with regard to short-dated paper? The issue of Treasury Bills represents about £850,000,000, and currency notes £127,000,000 odd. I have particulars here of the

issue of £10,000,000 of French bills and £10,000,000 of Russian bills which have matured, and which, I believe, have been renewed. I am referring, of course, to the amount of short-dated paper that is in the market. I know that this is not a liability of the British Treasury, but to arrive at the menace—as many of us think it to be—of having this large mass of short-dated paper in existence, we are justified in totalling up all the loan amounts. I understand that the Allies and the Dominions have given us bills for £450,000,000 for our advances. Perhaps the Chancellor of the Exchequer will give me the correct figure. I think he said that the recent amount of loans to the Dominions and the Allies is much larger. For the purposes of my argument I will take the sum of £500,000,000, plus the French bills £10,000,000, the Russian bills £10,000,000, and our own Treasury Bills of £850,000,000, plus notes of £127,000,000. That will give us an aggregate of short-dated paper existing on the Money Market of something like £1,497,000,000. It was hardly worthy of the right hon. Gentleman that he should enlarge upon paying off some paltry amount of three months' bills as compared with the twelve months' liabilities. That was beside the point. The real point which appeals to many of us about short-dated paper is not the difference between three, nine, and twelve months, but as between twelve months paper and a loan running for twenty or twenty-five years. If you fund this short-dated paper you have it behind you, and, to a certain extent, your feet are clear. No one suggests that the right hon. Gentleman should not be in a position to finance the war

in the future or to finance his purchases in America or elsewhere by means of Treasury Bills. If I apprehend the sense of many of the criticisms that have been offered, it is that hon. Members feel that this enormous mass of short-dated paper is becoming top-heavy. We wish to see a large part of it funded or consolidated into a permanent loan, so that we may feel easier to go forward and be ready to meet any other troubles or events which may still await us. That is the gravamen of the criticism of those who do not like the present position at the Treasury. I do not think the right hon. Gentleman has met that difficulty. I particularly noted what he said in his reply. He did not meet the arguments of the hon. Baronet the Member for the Wellington Division. He said that the reasons for or against a long loan depended upon whether the market disclosed inflation and whether the Treasury Bills were held by investors, and he also referred to the financing of our foreign supplies, with which I have dealt. He entirely missed the point put before him. It is not that one objects to this method of financing the country. All Chancellors of the Exchequer have used this very valuable method of short-dated paper for tiding over crises and enabling them to carry on. We think it is being abused, and that it is the aggregate and the overwhelming mass of short-dated paper which makes us vulnerable in many directions.

We do not know who holds this paper or what use may be made of it. We were told when we entered upon this war that our enemies took advantage of the position of the London Money Market. Probably

that is true. We cannot always tell when a war is likely to occur, but we do know that we are going to have peace at some time or other. While we cannot always be prepared for the identical day upon which there will be an outbreak of war, we can prepare, to some extent, for peace. What will be the position if we are left with the large mass of short-dated paper to which I have referred? When we are at war, our minds are concentrated on carrying it to a successful conclusion. We may have differences of opinion as to the methods adopted with regard to it, but there is only one feeling in this country as to the object for which we all stand. Peace may come more or less suddenly. When it does come, in this country there will be a hundred and one projects that will call for capital, which will be very much reduced and not at all plentiful. People holding this short-dated paper will have very attractive demands for their money, probably more than the Chancellor of the Exchequer has imagined. There will be an enormous demand in the market for money from all quarters of the globe. Now is his opportunity to consolidate or refund this vast mass of paper. It is not so much a question of fresh capital. It would be well if he were to issue a consolidated or unified loan on favourable terms, and to offer to investors who are the holders of this short-dated paper a fairly attractive loan, not necessarily at a high rate of interest. We have seen that New South Wales is borrowing to-day at $5\frac{1}{4}$ per cent. More than one speaker has referred to the exorbitant terms— $6\frac{1}{4}$ or $6\frac{3}{4}$ per cent. now offered. Those terms are too exorbitant for the British Treasury to pay

when New South Wales can borrow at $5\frac{1}{4}$ per cent. I do not see why the right hon. Gentleman cannot offer a consolidating loan to refund a portion of this paper, say, on a 5 per cent. basis, with a term of five to twenty years, with an option to the Treasury to repay in five years even at a premium which gives the attraction of a fairly long term to the investor. The right hon. Gentleman has told us that a number of these twelve-months' Treasury Bills are held by investors. If that is so—the right hon. Gentleman speaks with knowledge—and if the investor is given an attractive loan, the right hon. Gentleman will be able to refund, and we shall get rid of a considerable portion of this mass of paper. That will clear the right hon. Gentleman's way for further demands that may be made upon him. The right hon. Gentleman has shown himself thoroughly sympathetic. I think his concluding words were that he would consider the possibility of issuing a loan. I hope that he will take that into serious consideration, and that at an early date he will bring forward some proposal of the character I have described.

When considering our own floating Debt we might look at the floating debt of Germany. Finance is international, and when we have peace the barriers will be broken down. Money will not be governed by economic conferences. I have not heard of any economic conference proposal that German money is to be prohibited from coming into this country. Every banker knows that it would be impossible to organise any sort of legislation to place an embargo on the money of Germany or anybody else if it were

available in any part of the world. It is very difficult to obtain reliable information as to the floating debt of Germany up to date. I have here an article from the *Gazette de Lausanne*, which was quoted in the *Times*, and which may be regarded as reliable. Really it discloses the very pitiable condition to which Germany is now reduced. According to this article, Germany's floating debt at the time of the issue of the fourth German War Loan

“Exceeded 1,400 millions sterling, made up as follows :

Drawn credits, Treasury bonds and bills	
and notes of private banks . . .	£719,000,000
Reichsbank notes	224,500,000
Treasury notes	18,000,000
Loan Bank bonds	88,000,000
Municipality of Berlin notes . . .	7,500,000
Old Prussian bonds, replacing Loan Bank	
bonds	75,000,000
New Prussian bonds	150,000,000
Former fiduciary circulation . . .	150,000,000
	<hr/>
	£1,432,000,000
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I do not suggest that the right hon. Gentleman would meet with the same result as the German refund did, because I think he would be successful, but know that German financiers have been very able, and some of them might make an attempt to follow the lines upon which they have achieved success in peace time. They tried to refund this enormous mass of floating paper. The quotation proceeds :

“In order, really, to provide new money for the War, observed the *Gazette*, it was necessary that the result of the fourth German War Loan should exceed the amount of the short term obligations—i.e. 719 millions sterling. Well, the amount actually announced by Dr. Helfferich last week was only 530 millions. This, no doubt, is why the Continental critics call it a fiasco.”

A country which has a floating debt that is funded and put behind it for a period of twenty years, would stand much better before the world in the matter of credit in the future than one which has not. Although we know that Germany has failed, that is no reason why the right hon. Gentleman should not attempt it, because I think he will succeed. I believe the credit of this country would stand better with a refunding or consolidating loan. We do not know how long the War is going to continue, and it behoves us to put through such a measure now when there is concentration of mind upon it. Opportunities for investment have more or less been closed up in other parts of the world, but that will disappear when peace is announced and competitive borrowing and the demand for capital will increase. Now is our opportunity. Germany will be trying to borrow in the United States, and will enter into competition with us because, remember, we shall have to borrow in the United States when peace is established to enable us to refund and properly finance ourselves for some time to come. As an intending borrower going to the United States, surely we should get our finances in good order now, so that we shall stand better and

be able to command the best terms and to borrow on very much more favourable terms than we are doing at present. I congratulate the right hon. Gentleman on his clear and frank method of meeting our criticism, and I would ask him to give to the views which have been submitted to him his most favourable consideration.

CHAPTER XVII

LOCAL AND NATIONAL QUESTIONS

A SPEECH AT COVENTRY, DECEMBER 8TH, 1916

I SHOULD like, first of all, to express my appreciation of the able address of our Chairman this evening. I think the eminently straightforward expression of his views must have been apparent to the bulk of the audience in this hall. Secondly, I should like to thank you, ladies and gentlemen, for being here to-night, one of the many kindnesses I have experienced in Coventry. I much appreciate the fact that you have turned out after a busy day to attend a political meeting on such a dark and foggy night.

Before I proceed to speak on the general situation, either the local political situation or the national situation, I should like just to say one or two words with reference to some personal matters connected with the city of Coventry. Since I last had the honour of addressing you you have elected a new Mayor, and I wish to offer my hearty congratulations to you upon the selection of our good friend, Mr. Councillor Hill. Mr. Hill, if I may say so, is an old friend of mine, and he is a man, who, with his forebears, has been honourably associated with the city of Coventry ;

and I do think you are very fortunate in having Councillor Hill as your Mayor; and also in having a Mayoress in the person of Mrs. Hill. I wish them a most successful Mayoralty.

Next, I should like to say—and this has perhaps a more direct reference to the war in which we are engaged—that on behalf of Mrs. Mason and myself we offer our heartfelt sympathy to the many who, like myself, may have lost friends and relatives in the war. I know that many Coventry and Warwickshire men have died, and to those who have been bereaved of husbands and sons I wish to offer heartfelt sympathy.

Before I proceed with my address generally, I would like to say something about the great political crisis in which we find ourselves, though I do not propose to speak at any great length on that. Well, I support what has been said by your Chairman. I think, and I believe all patriotic men will think, that in this grave period of our national history it is our bounden duty, whatever our political feelings may be, whatever our political labels may be, to recognise that the King's Government has to be carried on. Secondly, it seems to me that we ought to sink our own personal predilections and forget our personal labels; that every patriotic man and woman ought to be ready to offer his best services to the support of the Government in the work in which they are engaged. Let us offer the Government of Mr. Lloyd George our unfeigned support. That does not bind any man or interfere with his liberty, and until Mr. Lloyd George has outlined his policy we ought to be generous and magnanimous

towards the Government and give them the benefit of whatever support we can ; and I hope myself that the Government will, as soon as possible, be able to bring the war to an honourable and satisfactory close.

I now turn to a local question, which I believe is a burning one, and that is the question of Lockhurst Lane and Holbrooks Lane Crossing. I have taken a humble part in that. It appeals to me on two grounds, national and local—(1) the provision of a new means of crossing the railway line will facilitate the work in which you are engaged—the manufacture of munitions. (2) It seemed to me to be necessary that the fresh facilities should be offered as speedily as possible for the convenience of the people of Coventry by the erection of a footbridge or in some way which would help the crossing of people at that particular place. So I endeavoured to help the movement. First I communicated with Mr. Lloyd George when he was Minister of Munitions, and secondly, with Mr. Montagu when he succeeded to that position ; and I found, particularly with Mr. Montagu, every desire to meet the wishes of the citizens of Coventry that something should be done and done speedily. Mr. Montagu told me he was sending down a representative to Coventry to investigate the question on the spot, and that I believe has been done. I hope, therefore, the Ministry of Munitions will, in harmony with the local authorities, provide something of a satisfactory and efficient character and that it will soon be carried out. Certainly anything I can do to advance the matter will be done ; it will have my best consideration and most hearty support.

I have now gone over most matters of local interest, and I would like to add that I am always glad to come face to face with my constituents and to keep in touch with you, and anything I can do in Parliament in regard to local matters I am always ready to do.

Well, now, I should like to say a few words on a question of very great interest, not only to you in Coventry, but to the country. It is, indeed, a most important question just now. It is the increased cost of living—the question of the price of commodities—and I will say what I think should be the action of the Government with regard to that. We had a debate in the House of Commons a few weeks ago, on this question, and certain proposals were made by the then President of the Board of Trade (Mr. Runciman). He made a very able and lucid speech. He made proposals and laid down certain principles which I did not altogether agree with ; at the same time he made a very interesting and certainly gave a lucid exposition of the question as it presented itself to him. He made proposals with the object of meeting the demands of people who are suffering from the increased cost of living.

One proposal was for limiting the price of milk. That seemed, on the face of it, a very wise provision. Let us just examine it. Before this speech was made by the President of the Board of Trade we had had a representative Committee of the House of Commons elected for the purpose of inquiring into this question, and in their very full report they gave some of the causes which had led to the increased prices of food

and other commodities. Now, first, we must have in our minds this fact: that of course when you have war, such as this war, when 26,000,000 of men are withdrawn from the production of commodities and are endeavouring to destroy one another—when we have increased consumption and decreased production—there must be, from that very cause alone, a great increase in the prices of all commodities. That is so very simple that it requires no argument to explain it further. If you increase the one and decrease the other and have 26,000,000 engaged in warfare, you must have increased prices of all commodities. Well, the Government has endeavoured to fix the prices of commodities, and milk is one of the articles, in order to bring about a remedy for this state of things. Now I must be frank with you. I don't wish you to think the Government can by that method cure this evil. The Government can do a great deal by organisation, by curtailing or controlling exploitation of the conditions prevailing by combinations and syndicates. I do not say the Government cannot do a great deal to alleviate the state of distress and to remedy the position, but I don't think they can remedy the position by just imagining that the fixing of prices will provide the remedy.

Take the proposal to fix the price of milk at five-pence per quart. In this report of the Committee of the House of Commons it was stated that during the past year one of the principal milk distributors (Welfords) had had to pass their dividend. Why? The reason was on account of the deficiency of labour. They could not get labour on the farms, and although

milk prices had risen, the company were not making huge profits, as people imagined, and they could not pay the usual 10 per cent. dividend. That shows how they were affected by the state of affairs. Imagine how the position will be affected by fixing of prices. If the company were not able to make a profit before, I don't think any fixing of prices can be a remedy, with the continued deficiency of labour. The probability is that the company will go out of business altogether. People do not go into business from philanthropic motives and for the benefit of their health ; and so, if you arbitrarily try to fix prices and do away with profit, one tendency will be for people to go out of dairy-farming into something else and the supply of milk to the general community will be less.

Therefore the question is not so simple as it looks, and I wish you to bear in mind that you cannot fix the prices of commodities just by a stroke of the pen and still maintain the supply. You must have regard to the conditions in which we are, and if you fix prices too low, you will find that, instead of removing the evil, you will accentuate the evil of which you complain. The Government may say the price of an article shall be so-and-so ; but you cannot, after all, make water run up hill ; you must know all the contributing causes, and control alone will not make the remedy effective. You cannot cure the evil by fixing prices. But there is one thing I do think the Government can control, and which I do think has been one of the main contributory causes why the prices of provisions have increased. It is one to

which I have referred in the House of Commons. It is perhaps rather a technical subject, but I will endeavour to explain it to you as I tried to explain it to the House of Commons. One of the causes, for which the Government is responsible, is the action of the Treasury in largely diluting the currency of the country. The question is the cash you have to expend in the purchase of particular commodities, and price, as of course you know, is also governed by a great many contributing causes. If there is a great supply of wheat crops, the tendency is for the price of wheat to fall ; if you have a great supply of boots and shoes ; if you have a great supply of bacon or other things, the tendency is for prices to fall. If, on the other hand, you have short supplies, the tendency is for prices to rise—governed by the cash you have to expend on any particular article. Well, I won't go into the details of the question, but I will try to explain how the amount of cash in the country has its influence on prices.

It is rather difficult to follow, but just try and follow me. A certain amount of currency, or cash, is necessary to carry on the operations of the country, and as the Government is engaged in large operations, they have set up a printing press at the Treasury and issued currency notes. As the Treasury thus adds to this currency and the notes are circulated throughout the country, one tendency is that more cash is required to purchase a particular article than was necessary to purchase it formerly. More cash being required, prices rise—boots, shoes, etc., go up. It is, as I said, a difficult matter to explain at a public

meeting ; but any one who has studied the question knows that if you issue an unlimited amount of paper money, the effect is what I have said it is. In this country the issue of notes by the Bank of England was about £30,000,000 prior to the war, and it is now about the same, but we have issued nearly £150,000,000 of currency notes. Add £150,000,000 to the £30,000,000 and you have £180,000,000, and here is one of the causes of high prices, and a cause over which the Government have some control. The Treasury has never been able to meet that argument in the House of Commons. All our great economists—Lord Goschen, the distinguished French economist, M. Bastiat and others—agree that thus a great injustice is done, by the policy, to the people of this country. You have no time to study these questions, but you do understand how your sovereign is now worth only 12s. 6d. Well, I have explained. The war itself is a large contributing factor, but another cause are these Treasury notes. The unsound principle of the printing press, the issue of an unlimited amount of paper (which particularly penalises the working man) is most reprehensible and deserves censure in the most severe terms.

I have endeavoured to show the Government that. I attacked the late Chancellor of the Exchequer and the measures he has carried out. Of course as a result of this policy you have asked for a war bonus, and I don't blame you. That has been given in many industries throughout the country, but it is only a mere makeshift. It does not go to the root of the matter, because though various industries get the

war bonus the cost of production of the particular articles they are manufacturing means an increase in the cost of living for those who use the articles ; so the last state is no better than the first. You have to go back to first principles, and the first thing is to increase the purchasing power of your wages. That is the first thing to do and you have to protest. You can protest against the debasement of the currency in the way, it is suggested, it is being debased.

What are the remedies for this increased cost of living that is going on all over the country ? Something may be done, as was suggested by the late Government, by taking control of mines and shipping ; but I think that what should be done is to stop this further dilution of the currency, and I am glad to see that a week ago, before the late Government went out of office, they for the first time manifested a desire for this to be done. There was some slight reduction in the output of paper-money from the Treasury. You can read it in the weekly currency report. It has been increased by £1,500,000 a week for the last week or two, and then they called a halt.

Then I think one of the best ways to improve the present position is to increase the amount of direct taxation. Now the Government, by the Chancellor of the Exchequer, made certain proposals in the last Budget. He proposed to tax railway tickets, which would have affected Coventry very much. He proposed also taxes on cinema shows and taxes on food. I, for one, believe that far the best method of meeting the enormous charges which this terrible war has put

upon us would have been to carry out the proposal which, I think, Mr. Henderson, then leader of the Labour party, made at the beginning of the war. It was, instead of taxing the people's food, to have taxed incomes. It is on the people of small wages and a number of old-age pensioners that the increased cost of living falls the hardest, and those are the people least able to bear it. That seems to be unsound and unjust, and I would have supported the proposal of Mr. Henderson to have a production tax, a tax on wages. We have taxed incomes on the higher grades. We have put the very heavy tax of 5s. in the £ on them, and some have to pay a super-tax. What I would suggest, and I think it is a sound method of meeting this position, is that you should tax incomes right down the scale. You would thus tax fairly those who receive the highest wages, but now everybody has to pay the increased cost of living. Instead of these haphazard taxes on tea and sugar, which all go to increase the cost of living, I would tax the people best able to bear the burden laid upon them, and not those in receipt of very small wages and old-age pensioners.

One of the reasons why I have attacked the Chancellor of the Exchequer is because of his profligate (as I think, and many more of us think) borrowing of money for the war. That presses very hardly upon the labouring classes. I know you cannot pay all the expenses of the war by direct taxation; still I think the proportion which we have raised by borrowing, as compared with the total taxation, is much too great and that we ought to have raised much

more of our cost of war by direct taxation. In the Crimean War, which cost £70,000,000, we raised half by taxation and half by borrowing. The present system of borrowing deceives the people as to what is actually going on. Why after two years of war you are having lectures by Mr. McKenna and others in favour of economy and saving, yet we don't see official economy anywhere. In this and every town in the Midlands people are receiving higher wages than they ever received before, and the cause of the artificial position which exists is the borrowing of money and the spending of it which has gone on. Payment we postpone till a later date. The prosperity is artificial. It is impossible to get people to economise by giving them lectures about the country. The only way to get them to do so is to let them know what is going on. Look at the cost of what is going on. Why, our interest charges before the war were £22,500,000 per annum, and now they are at least £150,000,000—interest on debt! That gives you some illustration of what we are doing. We are living on our capital. Just think if every one did that for a week. There would be a boom in trade, but at the end of the week where would the shopkeepers be? Well, we are doing that as a nation: we are borrowing instead of paying by direct taxation, and we are bringing on ourselves immense poverty and suffering.

I say this is unsound. We are not afraid; I don't think the working classes are afraid of being told the truth. They think they are engaged in a just cause. They are not afraid of being told what they have to

do. But I say we are entitled to be told, and I hope the new Chancellor of the Exchequer will tell us in a straightforward manner, what is our position and not delude us by continually deceiving us and saying everything is sound when we know we are becoming embarrassed because of these unsound methods. I think I carry you with me in the protest I make on the subject of finance, which is not on a sound basis. I recognise that the cause in which we are engaged is a just one, and I am desirous of bringing the war to an honourable close as soon as possible ; at the same time, as we have to finance this cause, we ought to have sound methods of financing it. Occasionally I incur unpopularity for what I have done, but I have given, positively, chapter and verse in support of the course I have taken. I have attacked the Government for extravagant methods. I object to the mobilisation of our securities. You may say "Don't bother us about these things," but I want to bother you. These are not my ideas alone, but what I say is the result of research and study of authorities far greater than I am, and I say that unless we adopt the principles I have put forward we shall become embarrassed and we shall feel it.

I know people said they did not know what I was driving at, when I protested against an excessive expenditure on the Navy. In my address to the electors of Coventry six years ago—I was elected on December 6th, 1910, and this is December 8th—I said I was in favour of a strong Navy, but that I believed that if we were drawn into a Continental war, finance would be a deciding factor, and therefore I

advocated sound finance. Lord Beresford appreciated my point of view by saying that aeroplanes and submarines have revolutionised naval warfare. Is not that the case? If we had had fewer dreadnoughts and more submarines and destroyers we would have had more cash in reserve. Therefore my position was that a strong Navy must have strong financial reserves. That was what I wanted. I don't know how long this war is going to continue. God forbid it should continue much longer. At the same time, as a practical man—and I hope I am, not a dreamer—whatever Government is in, I say, if their financial processes are wrong the whole country suffers. It is therefore for that reason that I stand up for sound methods of finance.

You may say "What about the method of supporting the exchange and the mobilisation of securities adopted by Mr. McKenna?" I shall endeavour to explain that to you. You see the object of supporting our exchange in the United States was to prevent the gold export going on from this country to America. The rate of exchange is governed by a number of causes, one of which is the indebtedness which one country has to another. We have been piling up enormous indebtedness to America by the purchase of munitions from her. Well, I venture to doubt what the Chancellor has done in this matter. The policy of supporting the rate of exchange may enable the country to purchase munitions of war a little cheaper, but there are other American commodities. America manufactures boots and shoes, sends bacon, paper—I see the paper imports have quadrupled—

into this country. Paper does not enter into the manufacture of munitions. The manufacturer of paper in America who wants to sell his paper in England has to consider at what rate he can sell his drafts upon London. When he sells his paper he tries to sell his draft upon his London correspondent, and the rate at which he can sell in New York is one of the factors as to what profit he has upon the transaction. If it is cotton or paper or bacon he tries to sell his draft on Liverpool or London. He sells the draft according to a higher or lower rate of exchange. If there is an excessive export of commodities to this country the rate of exchange drops, and the reason why it drops is because there are so many people with drafts to sell. It is a question of supply and demand. It is supply and demand that create this position. If gold cannot be easily got the effect is to check American imports. That is what I want to do. I want to reduce this indebtedness, which is embarrassing us. But what did the Treasury say? They say it would not do to let gold go out of the country to meet our obligations. As a result of the fall in exchange a certain amount of gold has gone, and what are gold reserves for but to be used in times of emergency? You know what they do—use paper in time of distress to alleviate distress. You are thus creating an artificial, a false position. But the Treasury think differently and sent securities across the Atlantic to help to keep up the rate of exchange, but the effect it had was just to stimulate the export of American commodities. If you take the Board of Trade figures which are just published you will see proof of my

statement. The figures show that there has been an increase of £17,500,000 in imports, while British exports are up only £7,000,000. In the first eleven months of this year our imports were £873,000,000 and our exports £466,000,000—figures which I venture to say prove what I have just been explaining—that this artificial method has increased our indebtedness to America and is embarrassing us to meet the position. That is a summary of the position of this country.

The other day the Chancellor of the Exchequer tried to place some of our short-dated securities in America, after being warned by the House of Commons not to increase the floating debt, and the Federal Reserve Board recommended people not to purchase our Treasury bills. Just think of that! A Chancellor of the Exchequer allowing our credit to get to that and our securities practically refused by America! I believe one of the causes is that we are not pursuing sound methods of finance. I hope the new Government will tell us if we are living in a fool's paradise. The proper system is to cut down our consumption, and the only way is to live on half our incomes, and not continue to live in a fool's paradise as we have for the last two years.

I have said enough on that subject and I shall now say something on the question of the war itself. Your Chairman has said that he is anxious, as we all are, to bring the war to a speedy and honourable close as soon as possible. We all agree that we are engaged in a just cause. I don't think there is a dissentient voice in regard to our position as to Belgium, but

when we go beyond that we should have to consider what undertaking we may have given to Russia or perhaps to others of our Allies. I certainly think that as honourable men we should abide by our compacts with the Allies ; still I think we shall do well to get back to the primary cause why we entered on this war.

Now that cause was the case of Belgium. By treaty in 1839, England, France, Russia and Germany agreed to create and to recognise the sovereignty of Belgium. When we have agreed about an honourable settlement of that question, and with regard to France, surely we should then be on the look-out for any evidences on the part of the enemy to bring this terrible thing to an end. That would not be a sign of weakness but of strength. If a man knows definitely the objects for which he engaged in a quarrel, and knows that he has a just cause—a cause that he is determined to concentrate upon and carry it through to the end—surely it is not a cause of weakness, but rather a sign of common sense and strength, if he, appreciating the appalling slaughter and the sacrifice of brave men, did not watch for an opportunity of bringing the war to an end. I think we must all see that, and every sane man, worthy of the name of man, must strain every nerve to bring that about. I yield to no man in my admiration of the deeds of valour of our men. One example is sufficient. At the beginning of the war I remember reading of an incident which exemplified the courage and spirit of our men. There was a charge led by a Captain McMillan. He fell mortally wounded. His men

stopped to pick him up. He pointed to the enemy and said : " Forward ! a McMillan knows how to die." These men do not ask any reasons when they go forward. They believe it to be their duty and they go into the firing line without a question. Such a spectacle as that makes us proud of our men, but it throws a responsibility not only upon you but upon me. My particular work is to offer what little I can to try not to waste this noble sacrifice. Every one is touched by the spectacle of men laying down their lives and making the greatest sacrifice of all on behalf of their country and of ours, and we are stimulated and spurred to use what brains and intellect we have to see if there is not a better way to avoid this terrible sacrifice.

Therefore I look out to see what the enemy has to say, and having observed a striking speech by the German Chancellor I tried to bring it to the attention of the House of Commons. Now Herr Bethmann-Hollweg, whose position is like that of our Prime Minister, and who has been in office since the beginning of the war, made a remarkable speech three or four weeks ago, and I endeavoured to call the attention of the House of Commons to it, but owing to the unfortunate time when I rose—the only time I could, at the end of the sitting—I could not get the requisite forty members and the sitting of the House was brought to an end.

Now I want to draw your attention to that speech, because it touches on the conditions laid down by our own late Prime Minister as to the objects for which we are fighting. He was speaking of a speech

made by the late Secretary of State for Foreign Affairs (Viscount Grey), and he said :

“With regard to the statement that in order to keep England out of the war we made a discreditable proposal to the British Government, to shut its eyes to the violation of Belgian neutrality and allow us a free hand to take the French colonies, I challenge Lord Grey to investigate the real facts in his Blue Book and in his documents. In an earnest endeavour to localise the war I assured the British Ambassador in Berlin on July 29th that on the condition of England’s neutrality we would guarantee France’s integrity.”

I believe that suggestion was made at the beginning of the war, and therefore the Imperial Chancellor is telling the truth. Give the hon. Gentleman his due. I am not a pro-German, but I am here standing for the truth. What further did he say ?

“While I, in discussions of our war aims, never indicated the annexation of Belgium as our intention.”

He then refers to Lord Grey’s suggestion of a concert of all the Powers by creating, after the war, an organisation to oppose any Power going against the will of all the others, and the German Chancellor went on :

“Lord Grey finally dealt exhaustively with the period after peace and with the establishment of an international union to preserve peace. On that subject, too, I will say a few words. We never concealed our doubts whether peace could be lastingly ensured

by international organisations such as arbitration courts. I will not discuss here the theoretical side of the problem, but in practice now and in peace we shall have to define our attitude towards the question. When, as after the termination of the war, the world will fully recognise its horrible devastation of blood and treasure, then through all mankind will go the cry for peaceful agreements and understandings which will prevent, so far as is humanly possible, the return of such an immense catastrophe. This cry will be so strong and so justified that it must lead to a revolt. Germany will honourably co-operate in investigating every attempt to find a practical solution and collaborate towards its possible realisation, and that all the more if the war, as we confidently expect, produces political conditions which will do justice to the free development of the nations, small as well as great."

Now there he agrees to enter into a concert of the Powers. That, to my mind, is a most excellent pronouncement on the part of Germany—which practically and definitely gives up the annexation of Belgium. I don't think there is a single German publicist who now advocates the annexation of Belgium, and that is one of the primary causes for which we are at war. The German Chancellor is prepared to join a concert, and that is more significant still because a great many people are afraid that unless Germany is crushed—and I don't think it is possible to crush her, or see what good it would do us. Politically, so far as the matter appeals to me, I don't think it would be a good thing, apart from what I think of the impossibility. But this fact of Germany being willing to enter a concert of the Powers is, I think, the

best answer to that proposal. It destroys or limits the power of militarism, either British or any other militarism, in the future, because when all the Powers are in the concert they will be more or less agreed. I suggested that myself in the speech I addressed to you in Coventry this year. There may be many people who would wish to prevent Germany going into war again, but if Germany goes into the concert what Power would be able again to commit aggression which had all the other Great Powers against her? If they agreed, every one of them, to commit no act of aggression, but put their cases before a tribunal, would not that curb the militarism of Germany, Russia, or any other Power?

So now we see that Germany is against the annexation of Belgium. That is shown in the speech of her responsible Minister, and he has twice stated his willingness to discuss with us the termination of the war. If Germany is prepared to meet us, still I would not give way one single iota of our just demands. I would not make any concession of what we consider just, but still if Germany is prepared to do that—and she says she is by her responsible Minister—then I do think we ought to seek some way of communicating with her, either by a speech by the new Prime Minister when he comes before the House of Commons or by some other means. I believe we stand behind him as a united nation, because there is no weakening in the fundamental principles for which we went to war, but I believe he will be carrying out in the highest form what is just and right if he responded to this invitation on the part of Germany to meet the position.

I have now gone over the principal points of public questions which I wanted to bring before you. I think we are all agreed that there is an acute financial position which ought to be attended to at once. In this time we know no party labels, and are prepared to support the new Government, and while we must maintain a critical attitude in regard to finance or diplomacy, yet we need not engage in captious criticism. We ought to be prepared to recognise their responsibilities and the complexity of those responsibilities and desist from all criticism, but be magnanimous and be willing to support the Government. Here in Coventry you are concentrated on work.

I have endeavoured to put the case before you in an unvarnished way. While you must concentrate upon your work, I would say while you do that work, turn your eyes occasionally to those beautiful spires of St. Michael's, Holy Trinity, and Grey Friars which point to something higher, and while your feet are on the ground, and you know it is necessary for you to daily work and that you can have little to say in the direction of policy, still you can look to a higher and greater Power. May we remember, as we look at those spires, that there is one Almighty God whom we trust and believe will guide us to a safe and secure end.

CHAPTER XVIII

BATTLE OF THE SOMME AND PROSPECTS OF PEACE

WITHIN a few days after Mr. Lloyd George had formed his Government, Herr von Bethmann-Hollweg announced in the Reichstag that he had dispatched a peace offer to the Allies through the American Ambassador. Some time elapsed before the German Note arrived in this country and there was considerable speculation as to its contents.

Those of us who hailed with delight this first move on the part of Germany as the dawn of a better day, and the beginning of the end of the terrible state of affairs which had prevailed throughout Europe for more than two years, were much exercised in mind as to whether anything should be said in Parliament before the actual Note had arrived. The prevailing view was to say nothing until the new Prime Minister had made a declaration regarding the German proposals.

Owing to indisposition on the part of the late Prime Minister (Mr. Asquith) and the new Prime Minister (Mr. Lloyd George) the declaration was delayed, and also because the proposals had not yet reached His Majesty's Government.

It was necessary for Mr. Bonar Law, the new Chancellor of the Exchequer, on behalf of the Government, at once to ask for a Supplementary Vote of Credit, and this he did on December 14th, 1916, for a sum not

exceeding £400,000,000. There had been a disposition on the part of the Government to endeavour to rush this through without a discussion; but this was resented in many quarters of the House, and Mr. Bonar Law was therefore compelled to give a general financial survey when introducing the vote.

He made only a short reference to the statement of the Imperial German Chancellor, contenting himself with a quotation from the Ex-Prime Minister that "they (the Allies) require that there shall be adequate reparation for the past and adequate security for the future."

Mr. McKenna followed with some graceful words of congratulation, and then proceeded to state that there would be no change in the policy of the Government in their financial relations with America.

Knowing that Mr. Lloyd George would probably speak in the following week, I was anxious, if I got an opportunity, to make an appeal to him, when the Government came to consider the German proposals, not to close the door to all future negotiations. I therefore endeavoured to do this in the following speech.

As events turned out the Prime Minister did not quite close the door, but did not accept the German invitation of a Conference, presumably because the German Note did not furnish particulars of the "propositions" which they intended to submit to such a Conference.

The British Government, in response to an invitation of the President of the United States of America a few days later, outlined their war aims in a dispatch; but the German Government adhered to their proposal of a Conference, their argument being that a statement beforehand of war aims would tend to prolong the war.

It is useless to discuss which method is the more likely to achieve the result desired of a speedy and honourable peace; but, meanwhile, the war goes on, and even with the entry of America it is not at all certain that we are now in sight of the end.

If Germany could be induced to make some fresh proposals or state more specifically what her "propositions" meant, and if this country could offer a more definite interpretation of the terms outlined in her Note to the American President, a basis might be found again to open up the subject. It is to be hoped that statesmanship is not bankrupt, and that an honourable way out may yet be found from the present position.

I should like to support the congratulations which have been offered by the late Chancellor of the Exchequer to the present Chancellor of the Exchequer upon his very business-like, clear, and lucid statement. I should like, if I may, to refer to the last passage of the speech of the late Chancellor of the Exchequer when he spoke of the hope that there would be—he understood there would be—no change of policy on the part of the present Ministry. I suppose he referred to their policy in regard to converting sterling wealth into dollar wealth. I do hope that there will be a change of policy. I, for one, think that the profligate and extravagant methods of the late Chancellor of the Exchequer, if they had been pursued, would have got us into very considerable embarrassment. If there is any compensation in the change of Ministry, it is now that we have a different occupant of the office of Chancellor. The right hon. Gentleman referred to the question of the great

difficulty which, he said, the present occupant of his late office would have in converting sterling wealth into dollar wealth. I think he is perfectly right in that statement. I think also he himself is bound to confess that his policy—or the results of it—have certainly not made the task lighter for the present Chancellor of the Exchequer. His method of artificially supporting exchange and piling up our indebtedness to America has accentuated that position, has increased enormously, as the Board of Trade returns show, the excess of imports over exports, which question I hope the present Chancellor of the Exchequer will face very shortly, and which he will have to face. As I say, the artificial method pursued by the late Chancellor of the Exchequer in issuing credits in America, artificially bolstering up exchange, and stimulating exports from America to this country has undoubtedly increased our indebtedness, as I think the Board of Trade returns bear out.

Let us briefly examine these Board of Trade returns. I think Members will agree that when they find, exclusive of munitions, our excess of imports over exports will be something like £500,000,000, and that if we have to add to that possibly £200,000,000 for munitions, our excess of imports over exports at the end of the year will be something like £700,000,000. I hope that is a problem which the present Chancellor of the Exchequer will face, and if he will, either by a drastic method of cutting down imports, or by a direct system of taxation, reduce the consumption and the purchasing power of the people of this country, he will be doing something to meet that

position. The late Chancellor of the Exchequer always met it by asking for further drafts on securities and increasing debt, and by staving that off which he was bound to meet sooner or later by extravagant borrowing on the part of the exchange. I do hope the right hon. Gentleman will meet that problem, which is a very grave one. It is perhaps the key to the whole position, because, after all, finance is the key to the position. If this war is prolonged, which God forbid, but if it is prolonged—if the terms of peace are not satisfactory, then I assume the war may be prolonged—it is as well that we should face the position. The right hon. Gentleman himself has stated he does not think it can go on indefinitely, and he is sanguine enough to believe we can bring the war to an honourable and a satisfactory close under the financial capacities and reserves which we at present possess. But we are here surely for the purpose of examining the financial position. It is no use deluding ourselves that we have an unlimited supply of reserves, and when we have regard to the past two and a half years, when we know that throughout the country there has been little or no economy, that wages have been paid in excess of any known records in this country, and that theatres, restaurants, and expenditure generally, instead of showing any decrease, has mounted up during those two and a half years, that does bring home to us the necessity of facing the position, and the supreme gravity of the task in which we are engaged.

I do hope, therefore, that, with a change of Government and a change of control in the Treasury, we

will face the position, because it is evident that, if you pursue a system of creating credits in America and raise an excessive amount of money by borrowing rather than by direct taxation, you are bound to land yourself in an awkward position and to embarrass your finances, as we feel we are embarrassing them. Take the action of the late Chancellor of the Exchequer the other day in instructing Messrs. Morgan and Co.—after two Debates in this House protesting against the increase of floating debt—to try to place Treasury Bills on the New York money market. He naturally incurred a rebuff. The state of the floating debt, something like £1,000,000,000 to £1,500,000,000, has been brought forward by Members on all sides—by Members of the Conservative party as well as the Liberal party. It is not a question of politics, but of sound finance, which has no regard for politics. If finance is unsound it is not made sound because it is the finance of a Liberal Chancellor of the Exchequer, nor is it made unsound because it is the finance of a Conservative Chancellor of the Exchequer. The laws of finance take no account of party, and if a policy is pursued of profligate borrowing and extravagant waste we are bound to suffer from it, and we are suffering from it to-day. That, I think, is a subject we in this House ought to consider. That action of the late Chancellor of the Exchequer unquestionably did hurt British credit, because the action of the Federal Reserve Board in recommending institutions over there not to invest in our securities was undoubtedly to hurt British credit. Any banker will bear me out that the effect of that was at once reflected in the

prices of our securities on the London money market. The reply given to our protest as to the excessive rate paid upon Exchequer Bonds was another action which affected our credit, and which unquestionably made it harder for the Treasury to finance this war. Therefore, I sympathise with the right hon. Gentleman who has now succeeded to the office of Chancellor of the Exchequer. If he is able to bring order out of the existing chaos he will deserve the gratitude and the appreciation of this whole House. He has a colossal task, as he himself described it, before him, and I hope he will face it with success. I should like to say one further word. I presume I would not be in order in going into the details of the method of raising the money for this Vote of Credit, but perhaps I may make a passing reference by saying I hope some action will soon be taken to fund this large floating debt, and to issue some form of long term loan so as to get us out of our present embarrassment more or less.

In conclusion, I should like to refer to what the right hon. Gentleman himself touched upon, and that is the offer that has been made by Germany to this country. Of course, we are quite unable to discuss that, because, as he has very properly said, there are no terms before us. All that we know is what has appeared in the Press, that the German Imperial Chancellor has issued a Note, which, I presume, in due course will arrive, to His Majesty's Government through some neutral Powers. But I would just, if I may, appeal to the right hon. Gentleman as a member of the Government, while I for one do not abate

one jot or tittle of our just demands in what we regard as a just war in its inception, I adhere to that attitude to which I have always adhered, although I have suffered perhaps through some misunderstanding in the desire for the speedy ending of this war in an honourable fashion, and I do not believe there is a dissentient voice throughout the country with regard to the primary objects for which we entered this war, and I think that if there are any dissentients at all it is with regard to the future, when you have some section of the community not content with achieving that which I hope we may achieve, the primary objects for which we entered into this contest, but who have some ideas of extending our domain or inflicting a crushing defeat upon the enemy. I do not believe that that is possible for one thing, and, in the second place, I think even if it were, it would be most unwise and impolitic. On a former occasion, I think, I quoted the Duke of Wellington that, after an army had achieved the primary object for which it entered a campaign, to pursue that for the sake of some temporary advantage, or to add a lustre to its name, was impolitic, and also, I think, an immoral proceeding.

We all recognise throughout this House and throughout the country the unquestionable valour and heroism of our men. If we feel that we have achieved, and I believe we are now within reasonable distance of securing, the primary object for which we entered this war, then we do feel that the heroic sacrifices of the men on the Somme, in Flanders, and in France, have enabled us to achieve that object. What was

the primary object for which we entered this war? Surely it was to carry out our solemn treaty obligations, and to secure the complete evacuation of Belgium. Hon. Members forget, and perhaps the country forgets, that at the beginning of this war there was a very large and considerable section in Germany in favour of the annexation of Belgium—that there was a party in Germany who had the dream of getting down to the sea and carrying out an annexation policy with regard to Belgium. We forget that. We forget it was the heroic work of the British Army in the beginning of the war that checked the German legions in the onslaught on Paris. We forget it has been the heroic resistance of our men in France and Belgium that has prevented, and has now completely destroyed, the annexationist party throughout Germany. I do not think there is a serious politician now in Germany who talks of annexation, and if we refer to the German Chancellor's last speech we shall find that he himself—and let us give him credit for it—has never supported the annexation policy.

Then, I say, when we are apt to think to-day that we have not succeeded as we might have succeeded, when we look to the more or less sterile or barren victories of Germany in the Balkan Peninsula, we forget the great battle of the Somme, one of the greatest battles of history—we forget what, through British resistance, we have achieved, because this very offer on the part of Germany is an acknowledgment of defeat, an acknowledgment that we have achieved the objects for which we entered the war. Therefore, I hope the Prime Minister, when he comes to

make his statement, will bear that in mind. The Prime Minister has justly achieved in former days a great distinction and a great reputation for negotiation. He has shown himself to be a born negotiator, and, while he possesses at the present time, I believe, more or less the whole-hearted support of this country, I pray him, and I beg of him, not to be carried away by a desire to add some great and spectacular victory to our laurels, but that he should have regard, as no doubt he will first and foremost, to the fact that we have achieved the object for which we entered the war; and, secondly, when he has regard to the financial position and the economical position of this country, he will not, in a desire perhaps to achieve some spectacular victory, pile up suffering for those who come after.

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